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PLAINTIFF'S EXHIBIT 63

84TH CONGRESS, 2d Session } SENATE { REPORT No. 1444

ANNUAL REPORT

OF THE

COMMITTEE ON GOVERNMENT OPERATIONS

MADE BY ITS

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Plaintiffs Exhibit 63 Defendants Exhibit
Offered
Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
BEFORE MINER, J.
Roy E. Fuller - Official Court Reporter

FILED

No C 343

AUG 15 1960

AT ..... O'CLOCK .....
ROY H. JOHNSON

JANUARY 25 (legislative day, JANUARY 16), 1956.—Ordered to be printed

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PLAINTIFF'S EXHIBIT 63 (Continued)

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84TH CONGRESS } SENATE { REPORT
2d Session } { No. 1444

ANNUAL REPORT

JANUARY 25 (legislative day, JANUARY 16), 1956.—Ordered to be printed

Mr. MCCLELLAN, from the Committee on Government Operations, submitted the following

REPORT

MADE BY ITS PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

INTRODUCTION

The Senate Permanent Subcommittee on Investigations of the Committee on Government Operations, pursuant to the Legislative Reorganization Act of 1946, is charged with the duty of studying the operation of Government activities at all levels with a view to determining their economy and efficiency. This task is a huge one, particularly when we consider that the professional staff of the subcommittee consists of only 11 members. The executive branch, at a cost of over 53 billions of dollars, operates several hundred separate departments, agencies, and independent offices employing 2,366,075 civilians alone.

At the beginning of the year the subcommittee adopted certain rules of procedure which were as follows:

1. No major investigation shall be initiated without approval of either a majority of the subcommittee or a majority of the full Committee on Government Operations. However, preliminary inquiries may be initiated by the subcommittee staff with the approval of the chairman of the subcommittee.

2. Subpenas for attendance of witnesses and the production of memorandums, documents, and records shall be issued by the subcommittee chairman or by any other member of the subcommittee designated by him.

3. The chairman shall have the authority to call meetings of the subcommittee. This authority may be delegated by the chairman to any other member of the subcommittee when necessary. The chairman shall not schedule any hearings or series of hearings outside the District of Columbia without giving at least 48 hours' notice thereof to the members of the subcommittee.

No public hearing shall be held if the minority members unanimously object, unless the full Committee on Government Operations by a majority vote approve of such public hearings.

PLAINTIFF'S EXHIBIT 63 (Continued)

4. Should a majority of the membership of the subcommittee request the chairman in writing to call a meeting of the subcommittee, then in the event the chairman should fail, neglect, or refuse to call such a meeting within 10 days thereafter, such majority of the subcommittee may call such meeting by filing a written notice thereof with the clerk of the subcommittee, who shall promptly notify in writing each member of the subcommittee.

5. Any two members of the subcommittee shall constitute a quorum for the purpose of taking testimony under oath in any given case or subject matter before this subcommittee, as authorized by Senate Resolution 180, 81st Congress, 2d session.

6. All witnesses at public or executive hearings who testify to matters of fact shall be sworn.

7. Counsel retained by any witness and accompanying such witnesses shall be permitted to be present during the testimony of such witness at any public or executive hearing, and to advise such witness while he is testifying, of his legal rights; but this shall not be construed to excuse a witness from testifying in the event his counsel is ejected from contumacy or disorderly conduct; nor shall this rule be construed as authorizing counsel to coach the witness, answer for the witness, or put words in the witness' mouth. The failure of any witness to secure counsel shall not excuse such witness from attendance in response to subpena.

8. Any witness desiring to read a prepared or written statement in executive or public hearings shall file a copy of such statement with the counsel or chairman of the subcommittee 24 hours in advance of the hearings at which the statement is to be presented. The subcommittee shall determine whether such statement may be read or placed in the record of the hearing.

9. A witness may request, on grounds of distraction, harassment, or physical discomfort, that during his testimony, television, motion picture, and other cameras and lights shall not be directed at him, such request to be ruled on by the subcommittee members present at the hearing.

10. An accurate stenographic record shall be kept of the testimony of all witnesses in executive and public hearings. The record of his own testimony whether in public or executive session shall be made available for inspection by witness or his counsel under committee supervision; a copy of any testimony given in public session or that part of the testimony given by the witness in executive session and subsequently quoted or made part of the record in a public session shall be made available to any witness at his expense if he so requests.

11. Interrogation of witnesses at subcommittee hearings shall be conducted on behalf of the subcommittee by members and authorized subcommittee staff personnel only.

12. Any person who is the subject of an investigation in public hearings may submit to the chairman of the subcommittee questions in writing for the cross-examination of other witnesses called by the subcommittee. With the consent of a majority of the members of the subcommittee present and voting, these questions shall be put to the witness by the chairman, by a member of the subcommittee, or by counsel of the subcommittee.

PLAINTIFF'S EXHIBIT 63 (Continued)

13. Any person whose name is mentioned or who is specifically identified, and who believes that testimony or other evidence presented at a public hearing, or comment made by a subcommittee member or counsel, tends to defame him or otherwise adversely affect his reputation, may (*a*) request to appear personally before the subcommittee to testify in his own behalf, or, in the alternative, (*b*) file a sworn statement of facts relevant to the testimony or other evidence or comment complained of. Such request and such statement shall be submitted to the subcommittee for its consideration and action.

14. All testimony taken in executive session shall be kept secret and will not be released for public information without the approval of a majority of the subcommittee.

15. No subcommittee report shall be released to the public without the approval of a majority of the subcommittee.

16. All staff members shall be confirmed by a majority of the subcommittee. After confirmation, the chairman shall certify staff appointments to the financial clerk of the Senate, in writing.

17. The minority shall select for appointment to the subcommittee staff a chief counsel for the minority who shall, upon being confirmed, work under their supervision and direction; who shall be kept fully informed as to investigations and hearings, have access to all material in the files of the subcommittee, and, when not otherwise engaged, shall do other subcommittee work.

One clerk on the subcommittee staff, acceptable to it, shall be assigned to the minority. When not otherwise engaged such clerk shall be assigned other duties for the subcommittee.

The subcommittee, during this past year, conducted 79 actual investigations and 67 preliminary inquiries. Thirty-six days of open hearings were held and 91 witnesses heard. In addition there were 12 days of executive sessions at which 28 witnesses were heard.

The subcommittee's hearings extended through the operations of many of the Government agencies, including the Department of the Army and Agriculture, the Foreign Operations Administration, the Air Force, the State Department, Treasury Department, Navy Department, the Interstate Commerce Commission, and the Department of Commerce.

It covered such widespread activities as the Army loyalty security procedures, exemplified by the Peress case; conflict-of-interest matters at Cabinet and other levels, as in the hearings on former Secretary of Air Harold E. Talbott and Hugh Cross, the former Chairman of the Interstate Commerce Commission. Hearings were held on what steps were being taken or could be taken to obtain the release of American nationals held by the Red Chinese Government. It included studies of waste and inefficiency in the procurement and construction of grain bins by the Commodity Credit Corporation of the Department of Agriculture and the deficiencies of the Naval Inspection Service; possible collusion and fraud in the negotiation for the award for the construction of grain elevators in Pakistan by a consulting engineer hired by the Foreign Operations Administration; fraud and corruption in the procurement of military apparel by the armed services, as illustrated by the hearings on Harry Lev, Marvin Rubin, and others; a study of the infiltration of Communists in the

PLAINTIFF'S EXHIBIT 63 (Continued)

vital areas of defense plants and the inquiry on redefection of refugees in Europe back to Communist nations, as well as the failure by the Treasury Department to enforce tariff restrictions on watches which is alleged to have cost the United States Government many millions of dollars over the period of the past 25 years. In addition, a continuing study is being made of East-West trade and export controls on materials going to Communist-dominated nations.

Legislative investigations to be worthy should accomplish a constructive result. In addition to serving as a basis for legislation, they also serve the important function of bringing to light the existence of conditions which need corrective action. All too often instances have been uncovered by legislative committees of failure to abide by the letter and spirit of our laws, rules, and regulations, and it is only after the legislative investigation that effective action is taken to remedy such conditions.

The subcommittee is proud of its constructive record. In the Peress matter, the hearings revealed that some 48 errors were committed by the Army in connection with the commissioning, transfer, promotion, and honorable discharge of Peress. As a result of these hearings the Army took 19 corrective measures in order to uncover and deal with security cases.

Because of what was uncovered by the investigations and hearings in the domestic grain-bin program, the Department of Agriculture and the Naval Inspection Service have instituted 21 corrective measures.

In the investigation conducted in connection with the procurement of military hats, bribery, perjury, collusion and fraud, and improper inspection were revealed, as well as the method of making large secret profits through deviations at the expense of the Government. As a result of these hearings, claims are now being pressed by the Government for over a half million dollars on these improper profits. Two Army, one naval, and one Treasury Department employees were dismissed from Government service. An Air Force officer resigned in the face of a court-martial. Twelve persons and corporations were suspended and two others were debarred and placed on the Consolidated List of Debarred Ineligible and Suspended Bidders. New procedures were instituted in procurement of patented components which will save the Government in the future hundreds of thousands of dollars.

In the FOA Pakistan grain elevator case, the subcommittee's uncovering of strong evidence of collusion in the negotiations for the award of the contract prevented FOA from granting a contract to the apparent high bidder and saved the Government possibly a million dollars.

Its investigation of conflict-of-interest situation resulted in the resignation of Air Secretary Harold E. Talbott and Hugh Cross as Chairman of the Interstate Commerce Commission.

The investigation was continued with regard to Communists in defense plants, and several witnesses were called from Allis-Chalmers, Fitchburg, Mass.; Bethlehem Steel Corp., Bethlehem, Pa.; and General Electric Co., Schenectady, N. Y.

It is difficult, if not impossible, to calculate the actual monetary savings accomplished by the legislative investigations of this subcommittee. It is evident, however, that although such savings are impor-

PLAINTIFF'S EXHIBIT 63 (Continued)

tant, of greater importance is the subcommittee's function as a deterrent to improprieties on the part of those in Government and those dealing with the Government. The watchdog functions of the subcommittee in the field of general Government operations serves an extremely useful and essential purpose as a check and balance on the executive departments.

It should be noted also that these investigations were conducted with an appropriation of $190,000 and that approximately $15,000 of this amount will be unexpended and therefore returned to the Treasury of the United States.

The subcommittee wishes to express its sincere appreciation to the General Accounting Office for assigning two investigators to the subcommittee and for the very major assistance rendered in many ways during the past year.

It is also most grateful to the Senate Committee on Appropriations for the assignment of Paul E. Kamerick to assist this subcommittee.

Army Personnel Actions Relating to Irving Peress

The purpose of this inquiry was to develop all the true facts and circumstances attending the Department of the Army's handling of the induction, change of orders, promotion, and honorable discharge of Dr. Irving Peress. In preparing for public hearings, the subcommittee staff conducted a 6-week preliminary investigation. The hearings of the Army personnel actions relating to Irving Peress commenced March 15 and ended March 31, 1955. A total of 22 witnesses testified before the subcommittee and interrogatories were taken of 2 additional witnesses. The record is supported by a total of 91 exhibits.

On January 30, 1954, Maj. Irving Peress, a dental officer assigned to Camp Kilmer and on active duty since January 1, 1953, appeared before the Senate Permanent Subcommittee on Investigations and invoked the fifth amendment in response to certain questions, among which were—

> Was he then or had he ever been a member of the Communist Party?
>
> Had he attended leadership courses at the Inwood Victory Club of the Communist Party?
>
> Had he attempted to recruit military personnel at Camp Kilmer into the Communist Party?
>
> Had he acted under orders from Communist Party functionaries while at Camp Kilmer?
>
> Had Communists intervened to have his overseas orders canceled?
>
> Had Communists assisted him in securing a promotion to major?

The fact that an Army officer invoked the constitutional privilege to questions of this nature caused the subcommittee grave concern. Questions were thereby raised, not only as to the effectiveness of the Army's program of dealing with subversives, but also whether the circumstances surrounding the original appointment of Peress, his subsequent change of orders, and his promotion had been, in fact, inspired by subversive interests.

PLAINTIFF'S EXHIBIT 63 (Continued)

The subcommittee's concern was not lessened by the Army honorably discharging Irving Peress on February 2, 1954. This was particularly true since this action was taken in apparent disregard of a February 1 letter from Senator McCarthy, the chairman of the subcommittee at that time, to the then Secretary of the Army, Robert T. Stevens, indicating that the subcommittee was in possession of sufficient information to warrant court-martial proceedings against Peress.[1]

Subsequent developments revealed that the Army had been in possession of unfavorable security information concerning Peress for a considerable period of time but irrespective thereof he was promoted to the grade of major and later discharged under honorable conditions.

This subcommittee reached the following conclusions with respect to the Army's handling of Maj. Irving Peress:

I. The Secretary of the Army, or his superiors in the Department of Defense under whose directions he may have been acting, are to be criticized for the delay of almost 1 year before the facts concerning the Peress case were publicly released. Such unnecessary delay served to unduly arouse and increase suspicions of the public as to possible Communist influences and thereby was a disservice not only to Army personnel involved in the Peress case, but also to the Army as a whole, to this subcommittee, to the Congress, and to the general public.

II. Mr. John Adams, Counselor, Department of the Army, showed disrespect for this subcommittee when he chose to disregard Senator McCarthy's letter of February 1, 1954, and allowed Peress to be honorably discharged on February 2, 1954.

III. The list of the 28 officers which was submitted by the Department of the Army as having taken an active part in the personnel actions concerning Irving Peress was deceptive and a gross imposition on the special Mundt subcommittee, and also on this subcommittee.

IV. The Inspector General's investigation of the Peress matter was inadequate, demonstrating inefficiency.

V. Had the Inspector General's report on Irving Peress been furnished to this subcommittee, as was the Inspector General's report on Pvt. G. David Schine to the special Mundt subcommittee, the preliminary investigation by this staff and the public hearings held by this subcommittee would have been expedited. This apparent inconsistent policy of responsible officials in the Department of Defense and the Department of the Army would seem to indicate that the criterion for furnishing such reports to Congress was whether they are or are not favorable to the department involved.

VI. Irving Peress' promotion, change of orders, and honorable discharge were the result of a combination of factors: Individual errors in judgment, lack of proper coordination, ineffective administrative procedures, inconsistent application of existing regulations, and excessive delays.

VII. During the period of time Peress was in the service, there was no well-defined policy or prescribed procedures in the Army which would insure the effective handling of security risks.

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[1] Secretary Stevens was out of the country and did not personally receive the letter until sometime later.

PLAINTIFF'S EXHIBIT 63 (Continued)

VIII. Although the Army had urgent requirements for doctors, dentists, and veterinarians during the Korean conflict, expeditious processing of these specialists could have been accomplished without sacrificing fundamental security safeguards. Had such initial safeguards been retained, Irving Peress would not have been tendered a commission, and thus would not have served for 13 months as an officer on active duty.

IX. At no time when Peress was on active duty, between January 1, 1953, and February 2, 1954, was any investigation or surveillance conducted by G–2 to determine his activities while in the Army with the exception of a most superficial spot check at Camp Kilmer.

X. Much of the difficulty attendant the Peress case was due not only to the failure of the Army to assign adequate personnel to G–2 both in the field and at headquarters in Washington, but also to the practice of filling responsible G–2 positions with officer personnel untrained and inexperienced in the field of intelligence. These practices strongly suggest a lack of appreciation of the importance of intelligence, particularly in these times. The field of intelligence is a specialized one, and effective results are not attainable therefrom unless it is treated as such.

XI. G–2 policy of transmitting copies of investigative reports from one field command to another where the subject is assigned, through G–2 headquarters, Washington, rather than directly to the command in the field, as well as to G–2 Washington, produces unnecessary delay in apprising the command of facts concerning personnel under its jurisdiction that might require immediate protective measures.

XII. With respect to the cases presented to it, the Army personnel board must make recommendations seriously affecting the future of each individual concerned. Under these circumstances, no recommendation should be made except after a most careful and thorough consideration of each case by the board members. Such consideration cannot be expected of any three-man board handling hundreds of cases each month.

XIII. Some 48 errors of more than minor importance were committed by the Army in connection with the commissioning, transfer, promotion, and honorable discharge of Irving Peress. It is, of course, realized that certain of these errors, such as the failure of an individual to exercise good judgment, are not susceptible to being corrected by procedural changes. However, the Army has taken corrective action applicable to 19 of the 48 errors committed. The subcommittee found the failure of responsible Army officials to effect most of these changes until after the Peress case became an incident of national interest to be inexcusable.

The subcommitte made the following recommendations:

I. That the Department of the Army establish procedures within the Army personnel board which will not only insure that each member thereof approve the board's recommendation as prepared by the recorder but also that the G–1 interpretation of the board's recommendation is in consonance with the intent of the individual board members. In this respect, the subcommittee specifically recommends:

1. That an adequate record system be maintained whereby the intent of each board member will be clearly revealed in every case; and

PLAINTIFF'S EXHIBIT 63 (Continued)

2. That each board member review and approve the board's final recommendation as prepared by the recorder prior to forwarding to G–1 for implementation.

II. That sufficient personnel be assigned to the Army personnel board to insure a thorough and careful consideration of all cases presented to it.

III. That the Army take appropriate steps to insure that officers assigned to the Army personnel board are qualified in personnel and security matters and are familiar with applicable regulations and procedures.

IV. That the Secretary of the Army cause a study to be made of the procedures and policies governing the operation of the Office of the Inspector General and that corrective action indicated thereby be taken to improve the efficiency of that Office.

V. That the Army undertake not only to adequately staff G–2 offices in the field and at headquarters in Washington but also to assign thereto personnel properly qualified for intelligence work from the standpoint of both training and experience.

VI. That the practice of forwarding G–2 investigative reports from one field command to another through G–2, Washington, be discontinued. It is recommended that copies of such reports be sent directly to the command in the field, thus precluding unnecessary delay in its being apprised as to matters of interest pertaining to its command. At the same time copies of these reports should be sent to G–2, Washington.

VII. That G–2 investigative personnel be required to familiarize themselves with all forms relating to security; that as a matter of course all such forms be examined during a security investigation; and that all pertinent information revealed therein be included in investigative reports.

VIII. That the Department of the Army require G–2 officers in the field to advise commanding officers immediately of derogatory security information relating to personnel under their command. In this respect it is recommended that existing regulations which provide that intelligence reports remain in intelligence channels until a specific command is required to take action be amended accordingly.

IX. That G–2 conduct appropriate active investigation and surveillance of personnel still on active duty who have been determined to be security risks or concerning whom there is sufficient evidence of subversion or disloyalty.

SUMMARY OF INDIVIDUAL VIEW

Senator George H. Bender did not sign the report but submitted his individual views which are summarized as follows:

The purpose of the investigation into the Peress matter, as I understood, was to determine principally whether there existed any subversive collusion or Communist conspiracy in the Army that caused the induction, promotion, and reassignment from duty overseas of this dentist. A great hue and cry continued for nearly a year for the identity of the Communist conspirators and the "silent Communist master of the Pentagon" who "protected" and "covered up" the affairs of this "fifth-amendment Communist."

I think it is of paramount importance that this subcommittee should assure the people of this country that no Communist influence was found in the Army.

Yet, there is not one word in this subcommittee report to inform the American public that not one iota of evidence was revealed to indicate any subversion, collusion, or Communist conspiracy concerned with the handling by the military of the Peress matter. It seems to me that this was the important question the American people and the Congress desired answered.

PLAINTIFF'S EXHIBIT 63 (Continued)

I cannot agree with the conclusion of the subcommittee that the Secretary of the Army, or his "superiors in the Department of Defense under whose direction he was acting," performed a disservice to the American people, the Congress, and the subcommittee by not revealing for nearly 1 year the facts of Peress' military career.

The report of the subcommittee detailed the efforts of the Secretary of the Army and high Government officers to acquaint the public and the Congress with the fact that this case was due to errors. The subcommittee report confirmed these statements in its findings and presented many minor personnel failures in support of the finding.

These efforts do not amount in my estimation to a "disservice" in any degree.

I think that the testimony gives ample ground to recommend that individuals experienced and trained in personnel and security matters should be assigned to duty thereon.

FOA Grain Elevators in Pakistan

Senator Stuart Symington, of Missouri, by letter dated January 11, 1955, to Senator John L. McClellan, chairman, requested investigation into the negotiation then being carried on by the Foreign Operations Administration (FOA) for the construction of grain storage elevators in Pakistan. Senator Symington pointed out that the Columbian Steel Tank Co., of Kansas City, Mo., had submitted the low bid of $1,448,917.40 for the construction of these elevators and that it was the expressed intention of Harold E. Stassen, Director of FOA, to negotiate a contract with the Agricultural Construction Co., of Los Angeles, Calif., which was the highest bidder in the competition with a figure of $2,430,979.56, this amount being in excess of the low bid by $982,062.16.

The first step was a request by Senator McClellan to Director Stassen on January 21, 1955, to make available to the subcommittee all of the FOA files on this matter. It was only after repeated requests that on February 11, 1955, Mr. Stassen finally turned over to the subcommittee a limited number of documents. Subsequently, additional material from the FOA's records was made available, but only for review by a staff investigator.[2]

When copies of certain documents were requested, Mr. Stassen refused to furnish them. He also refused to furnish the names of the officials who had served as project managers.

When the subcommittee learned that Mr. Howard P. Morrison, an FOA official, had served as one of the project managers, it requested the FOA to make Mr. Morrison available for interview and again, on instructions of Mr. Stassen, this was refused. As a result of these tactics the subcommittee had to issue subpenas for Mr. Stassen as well as other FOA officials with whom it was necessary to confer in order that the investigation might proceed.

Inquiry disclosed that the FOA mission in Pakistan issued invitations to bid in June 1954 for the construction of three grain storage elevators in Pakistan. The opening of the bids took place in Karachi, Pakistan, on August 23, 1954. Robert H. Pinner was the grain-storage engineer hired by the Ralph M. Parsons Co., of Los Angeles, and sent to Pakistan as grain-storage consultant to the FOA mission there. In this capacity Pinner was most influential in all decisions on grain-storage matters. After the opening of the bids in Pakistan, Pinner made a detailed analysis of the bids and rendered a decision that only the Agricultural Construction Co., the apparent high

[2] Hearings were held on FOA Grain Storage Elevators in Pakistan, March 31; April 6, 14, 15; and May 3, 1955, pts. 1 and 2.

PLAINTIFF'S EXHIBIT 63 (Continued)

bidder in this competition, met all the specifications. He recommended that the contract be awarded to the Agricultural Construction Co. Pinner then personally carried the bids back to Washington, D. C., stopping en route in Los Angeles, Calif. (Senator Karl E. Mundt disagrees with the use of the terms "high bidder" and "low bidder" throughout this report and disassociates himself from any comparisons and criticisms stemming from attempts to compare the bid figures since he feels the hearings brought out clearly that these were "design bids" rather than bids based on prescribed specifications. Thus bidders were submitting prices on different sets of specifications, and Senator Mundt holds that price comparisons under these circumstances are not accurate. Conflicting testimony was received as to exactly what type of bid FOA intended. FOA deserves criticism for not spelling out more accurately its intent and the specifications on which it was to accept bids, but not for ignoring or rejecting the "low bidder" under circumstances where bidders were not competing against each other on the same specifications or materials.)

At the Washington, D. C., headquarters of FOA a contracting committee and an ad hoc review committee were appointed to analyze the bids. These committees found that, contrary to Pinner's opinion, all five of the competing bidders had substantially met the specifications. They held, however, that since each bidder was bidding on his own plans, and that it was now decided to change the specifications, additional detailed information should be obtained from each company to put all on an equitable basis for price comparisons. This view was upheld by D. A. FitzGerald, Deputy Director to Mr. Stassen. However, before this could be accomplished, Director Stassen intervened, holding up further action until he could personally go into the case. After holding a conference with officials of the Agricultural Construction Co., Mr. Stassen notified his organization that FOA would proceed to negotiate with the Agricultural Construction Co. for the contract.

On March 28, 1955, Mr. Stassen wrote the chairman that unless the subcommittee had an "adverse view," he intended to proceed with negotiations with the Agricultural Construction Co. for a contract.[3] At that time he was cognizant that Alfred E. Poulsen, chief engineer of the Agricultural Construction Co., had recommended Robert H. Pinner to the consulting engineer's position with FOA, that it was Pinner's recommendation that the Agricultural Construction Co. receive the contract, and that the Agricultural Construction Co. was the apparent high bidder. He was also aware that his own ad hoc review committee, contract committee, and Deputy Administrator had agreed that Pinner's recommendations should not be followed.

When Robert H. Pinner first testified, he denied there had ever been any communications whatever between himself and Poulsen during the preparation of the bids. Subsequently other witnesses, including Alfred E. Poulsen, testified to frequent communications between Pinner in Pakistan and Poulsen in Los Angeles regarding the preparation of the bid and said that Pinner, en route from Pakistan to Washington, D. C., met in Los Angeles with officials of the Agricultural Construction Co. Pinner then reappeared before the subcommittee, admitted his previous untruthful testimony, and told of his assistance to Poulsen in the preparation of the Agricultural Construc-

[3] Hearings, FOA Grain Storage Elevators in Pakistan, pt. 2, p. 263.

PLAINTIFF'S EXHIBIT 63 (Continued)

tion Co. bid. As a result of this the Parsons Co. discharged Pinner immediately.

Director Stassen announced his intention to reject all bids, hire an independent engineering company to draw up specifications for a fixed design, and then submit new invitations to bid. He further stated that, in view of the evidence of favoritism unearthed by this subcommittee, the Agricultural Construction Co. would not be given a new opportunity to bid nor would any firm with whom Robert H. Pinner or Alfred E. Poulsen was connected.

Director Stassen volunteered that there might be some unethical activity on the part of Mr. Gideon Hadary, of the Columbian Steel Tank Co., the low-bidding firm in this competition, and Mr. Howard P. Morrison of his own organization, and the FOA was conducting an investigation into the matter and would furnish the subcommittee a copy of its report. The investigative report submitted to the subcommittee by the International Cooperation Administration (successor organization to FOA) [4] on November 17, 1955, states there is no evidence to substantiate the allegations.

From its investigation the subcommittee concluded that—

1. In the investigation of this case the subcommittee was hampered by the delaying tactics of Mr. Stassen, Director of the Foreign Operations Administration. He was most uncooperative for a public official, as illustrated by his attempts to hinder and impede the legitimate functions of this subcommittee.

2. There was strong evidence of collusion between the officials of the Agricultural Construction Co. of Los Angeles, Calif., and Robert Pinner, the engineer employed for the FOA to handle the contract for grain bins in Pakistan. As a result it was originally recommended that the Agricultural Construction Co. be awarded the contract.

3. If it had not been for the investigation conducted by this subcommittee, Harold E. Stassen, Director of FOA, would have made the award of the contract to the Agricultural Construction Co. This investigation, therefore, has affected a substantial savings to the United States Government, possibly amounting to $982,062.16.

4. Mr. Stassen exercised poor judgment and used bad business practice when he indicated as late as March 28, 1955, that he intended to negotiate the contract with the Agricultural Construction Co. At that time he was cognizant that Mr. Poulsen of the Agricultural Construction Co. had recommended Mr. Pinner for the job with FOA; that the Agricultural Construction Co. was the apparent high bidder; that many major changes had been made in the original invitation to bid; and that his own ad hoc review committee, contract committee, and Deputy Administrator had agreed that Pinner's recommendations should not be followed.

5. The FOA is to be criticized for failing to furnish specific plans and specifications with its original invitation to bid. The ambiguity of the bids as issued caused confusion and misunderstanding and opened the door for possible collusion and favoritism.

6. Mr. Howard P. Morrison and other officials of FOA who opposed awarding the contract to the Agricultural Construction Co. until all qualified bidders had been given an opportunity to

[4] On July 1, 1955, the FOA became the International Cooperation Administration of the U. S. Department of State.

PLAINTIFF'S EXHIBIT 63 (Continued)

compete on the basis of the major changes made in the bid invitation are to be commended for using sound business judgment.

7. FOA is to be criticized for the excessive and unnecessary delay in its handling of this Pakistan grain bin contract where the time element was deemed of such importance. It indicates that the activities of the agency in this matter were inefficiently administered.

8. Mr. Stassen's irresponsible and unsubstantiated implications in open hearing against Mr. Gideon Hadary of the Columbian Steel Tank Co. and certain personnel within his own organization were reprehensible for a high Government official.

The subcommittee recommended that the International Cooperation Administration should make a study of the procedures followed by FOA in the handling of contracts and take necessary corrective action to improve economy and efficiency. An effort should be made to eliminate misunderstandings among bidders and avoid the expensive waste of time that occurred in this case. This is important not only for the sake of efficiency, but for the effect that lack of proper procedure can have on our relationship with friendly governments. The following are some specific corrective recommendations:

(1) Wherever possible, contracts should be awarded by competition.

(2) Invitations to bid should be sent out and the contract awarded to the lowest responsible bidder. If a bidder is low but deemed not responsible, the reasons for that finding should be made public. If there is any other reason for not awarding the contract to the low bidder, then all the bids should be dismissed and new invitations to bid issued.

(3) If a low dollar competition is not possible, then the reasons therefor should be made public.

(4) Invitations to bid should be sufficiently detailed and clear to prevent misunderstandings by competing bidders.

(5) In submitting invitations to bid, if there are elements such as types of design, which will be a controlling factor in the award of a contract, that information should be published and also set forth clearly in the tender.

INDIVIDUAL VIEW

Senator George H. Bender did not sign the report but submitted his individual view, which is as follows:

"I dissent from the majority report of the subcommittee because I consider it to be inaccurate and unfair. Mr. Stassen is an honorable, capable, and patriotic man, and there is absolutely no evidence to the contrary in the record of the hearing of the subcommittee.

"The record shows that Mr. Stassen stopped the letting of a contract in December 1954, when the first adverse claims were made, and this action on his part was long before this subcommittee first entered the matter on January 11, 1955.

"The record further shows that Mr. Stassen did not enter a contract with any of the bidders, that no commitment of United States funds was made to any of the bidders at any time, and that when the charges and countercharges and the comments of Members of Congress could not be resolved, Mr. Stassen rejected all bids.

PLAINTIFF'S EXHIBIT 63 (Continued)

"The record further shows that Mr. Stassen's earlier action in asking that negotiations be started with the Agricultural Construction Co. was in accord with the recommendation of the director of the United States operations mission in Pakistan, who was working with the Government of Pakistan, and was based on the preference of the design and the machinery proposed by that bidder.

"The record further shows that the bids were not for comparable cost items, that a large item of $720,000 for services and training of Pakistanis was in 1 bid and not in a proportionate manner included in the so-called low bid and that the machinery and design of each bid was different.

"Mr. Stassen offered his cooperation in his first letter to the subcommittee; the only difficulty arose when he insisted that employees of FOA should have the right of counsel when summoned before the subcommittee investigators and that star-chamber sessions should not be held with FOA employees. In this he was right, and the subcommittee met his objection in part by permitting private counsel, and when this was done there were no further questions of cooperation between the subcommittee and Mr. Stassen.

"Mr. Stassen told the subcommittee of the investigation of Mr. Hadary, a former FOA employee representing one of the bidders, only in relation to the charges and countercharges that had been made to him by bidders and Congressmen, and he agreed to report the results of this investigation to the subcommittee. Mr. Stassen did not make any charges against Mr. Hadary, as the record of the subcommittee shows. He would have been wrong if he had withheld this phase of the situation from the subcommittee."

Communist Infiltration in Defense Plants

This subcommittee, under its obligation to make examinations into the operation and efficiency of the executive departments of the Government, continued its investigation into the matter of infiltration by the Communists into defense plants. This subcommittee held a public hearing on May 10, 1955, at which time six witnesses were heard.[8]

James W. Glatis, an affirmative witness, said that he joined the Communist Party in Boston, Mass., area in 1949 at the request of the Federal Bureau of Investigation. He remained a member until May 25, 1954, when he testified before the Subversive Activities Control Board in behalf of the Government. He testified that Charles Wojchowski was a leading figure in the Labor Youth League, an organization listed as subversive by the Attorney General of the United States.

Charles Wojchowski, 107 Brunswick Street, Dorchester, Mass., thereafter testified and took the fifth amendment as to membership in the Communist Party. As a direct result, he was discharged on May 19, 1955, by the Allis-Chalmers Co., Fitchburg, Mass., which has approximately $1 million in Federal Government contract work.

Herman Thomas, an undercover informant for the FBI in the Communist Party for approximately 10 years in the Lehigh Valley area of Pennsylvania, testified that he knew Charles William Erney as a member of the Bethlehem Steel Club of the Communist Party.

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[8] Hearings, Communist Infiltration in Defense Plants, pt. 1, May 10, 1955.

PLAINTIFF'S EXHIBIT 63 (Continued)

Charles William Erney, an employee of the Bethlehem Steel Corp. Bethlehem, Pa., was subpenaed to appear but did not do so due to reason of illness. It is contemplated that Erney will be heard in the next scheduled hearing dealing with this subject matter. The Bethlehem Steel Corp. has a substantial amount of Government contract work, much of which is classified.

William DeLos, of Amsterdam, N. Y., an employee of General Electric Co., Schenectady, N. Y., who in executive session before the subcommittee previously had taken the fifth amendment as to Communist Party membership, testified that he was a member of the Schenectady branch of the Communist Party from 1948 to 1952. He testified that he would cooperate with the FBI. Accordingly, the FBI was so advised on May 11, 1955. General Electric Co. has several millions of dollars worth of defense work.

Robert LaFortune, of Troy, N. Y., an employee of General Electric Co., Schenectady, N. Y., who in executive session before the subcommittee previously invoked the fifth amendment as to Communist Party membership, testified that he had been a member of the Communist Party from 1934 to 1938 or 1940. LaFortune testified that he was cooperating with the FBI and would continue to do so.

Michael Sam, of 428 Robin Street, Dunkirk, N. Y., an employee of the United Steel Workers of America–CIO, requested and was granted the right to testify before the subcommittee under rule 13 of the rules of procedure of this subcommittee.[6] Michael Sam was shown a copy of a document bearing the heading, "Communist Party Independent Nominating Petition" to the secretary of state of the State of New York, which contained the signature of one Michael Sam, 428 Robin Street, Dunkirk, N. Y., dated August 6, 1946. Mr. Sam testified that the signature and address appearing on the above-mentioned document looked like his handwriting, but insisted that it was a forgery and that he could not recall signing this petition. He testified that he was not now nor ever had been a member of the Communist Party.

Evelyn O. Darin, Alfred Oyler, and Arminio Sardoch had been identified as members of the Communist Party in an open hearing on January 3, 1955, before the subcommittee chaired by Senator Joseph McCarthy. These individuals had been subpenaed to testify on that date but Alfred Oyler and Evelyn Darin did not appear due to reason of illness, and Arminio Sardoch appeared too late to be heard by the subcommittee, which had adjourned. At the time that they were subpenaed all three were employees of the Westinghouse Electric Corp. in East Pittsburgh, Pa., a company having defense contracts. Their employment was terminated shortly after their identification as Communist Party members.

Arminio Sardoch, Evelyn Darin, and Alfred Oyler were afforded an opportunity to appear before this subcommittee to testify pursuant to rule 13 of the Rules of Procedure of this subcommittee, but none availed themselves of the opportunity.

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[6] "Any person whose name is mentioned or who is specifically identified, and who believes that testimony or other evidence presented at a public hearing, or comment made by a subcommittee member or counsel, tends to defame him or otherwise adversely affect his reputation, may (a) request to appear personally before the subcommittee to testify in his own behalf, or in the alternative, (b) file a sworn statement of facts relevant to the testimony or other evidence or comment complained of. Such request and such statement shall be submitted to the subcommittee for its consideration and action."

PLAINTIFF'S EXHIBIT 63 (Continued)

Textile Procurement in the Military Services

In conformity with the obligation of the subcommittee to determine whether there has been any waste, extravagance, or inefficiency or other improprieties in the operations of the executive departments, the subcommittee examines into aspects of the procurement field from time to time.

Complaints made to the subcommittee as early as 1953 indicated that favoritism was being exercised in the procurement of military textile and apparel equipment.

Evidence was presented showing that unscrupulous contractors had bribed and connived with both civilian and armed services officers attached to the Armed Services Textile and Apparel Procurement Agency known as ASTAPA, on certain aspects of procurement. This agency has been set up by the Defense Department to coordinate the procurement of textile and apparel items for the Army, Navy, and Air Force. During the 13 months of its existence, from October 1, 1952, to October 31, 1953, ASTAPA committed for procurement the sum of $537 million.

During the hearings it was developed that although contracts were awarded on their face to the lowest responsible bidder, contractors such as the Spencer Manufacturing Co., of Puerto Rico, and Mid City Uniform Co., of Chicago, Ill., both controlled by Mr. Harry Lev, were subsequently granted deviations from the original terms of the contracts which enabled them to reap large hidden profits at the expense of the Government. These contract deviations seldom became public knowledge and usually were known only to the contractor involved, the contract officers, and inspectors for the Government.

Evidence submitted to the subcommittee clearly demonstrated that the inspection service personnel had likewise been bribed and corrupted to permit thousands of defective hats to be delivered to the Navy.

As a result of the investigation the Department of Defense took disciplinary action against both contractors and Defense Department personnel who were guilty of improprieties. Fourteen persons and firms, mostly those associated with Mr. Harry Lev, were placed on the consolidated list of "Debarred, ineligible, and suspended bidders." Mr. Sol Schlesinger, on the plea of self-incrimination, invoked the fifth constitutional amendment. He refused to testify on material matters and was likewise placed on the list of debarred bidders.

The misconduct of Marvin Rubin and Harry Lev in their relations with Government agencies was particularly noted and criticized. Their testimony was marked by evasion and was obviously false and untruthful.

A number of persons involved in improper actions, who were investigated, are no longer employees of the Department of Defense and were separated from Government service prior to the hearings.

The subcommittee singled out for criticism the following procurement officials for their lack of candor and evasive testimony as well as for their inefficiency and misconduct in carrying out their official duties: Maj. Eric Farnell and George Earnshaw, David Oshiver, Joseph Porreco, Louis I. Alperstein, William Ienni, Mella Hort, and Henry B. Vining, career civilian employees.

Four career civilian officials, David Pollack, Julius Goldman, Ferdinand Tartaglia, and Jerome Schlesinger, were dismissed from

PLAINTIFF'S EXHIBIT 63 (Continued)

Government service or resigned after charges were preferred against them. One Air Force officer, Capt. Raymond Wool, tendered his resignation for the good of the service and he was separated from the Air Force under conditions other than honorable.

In other instances the Defense Department is withholding disciplinary action at the request of the Department of Justice, which has the cases under active investigation and does not desire any action be taken which might preclude or jeopardize possible action by the Justice Department.

At the request of the subcommittee the Defense Department made a new study of the claims against the contractors in the light of the evidence developed at the hearings. This study revealed that a total of $511,475.63 is due to the Government from these contractors on these claims, and it is the committee's understanding that these claims are now being processed for collection.

It is hoped that the investigation will act as a deterrent in the future. The exposures of these instances of bribery, collusion, corruption, and inefficiency can point the way to corrective measures.

It is certain that the matter of deviations will receive more active scrutiny in the future and the interests of the Government will be more closely guarded.

As a direct result of the hearings the Quartermaster Corps instituted a new practice of letting contracts on patented items which were included as specifications in the manufacture of armed services hats and caps. A contract was let for the manufacture of 750,000 metal stays and grommets at an estimated savings in cost of 46½ cents per hat. Such items will be given to the contractors as "Government furnished property" with a resultant savings to the Government of 46½ cents per hat over previous costs. Thus on future procurement contract of only 1 million hats the savings to the Government will amount to $465,000 by this simple rectification of procurement practice which resulted from the subcommittee hearings.

It is the committee's intention to continue to investigate into procurement practices from time to time to seek methods of avoiding waste and extravagance and to bring to light any fraud or corruption in the field of procurement.

HAROLD E. TALBOTT

Mr. Harold E. Talbott, having been designated by the President to be Secretary of the Air Force, appeared before the Armed Services Committee of the United States Senate on January 16, January 29, and again on February 2, 1953, and there was interrogated regarding his holdings in companies which might have direct or indirect dealings with defense establishments.[1] Regarding such companies as Electric Auto-Lite, Baldwin-Lima-Hamilton Corp., and Chrysler Corp., the following colloquy took place between the chairman of the committee and Mr. Talbott:

Chairman SALTONSTALL. Have you severed your relations with all of those companies?

Mr. TALBOTT. Yes, sir. I had one other interest. I have an engineering company in which I have dropped back as a special partner.

[1] Hearing on nominations before the Committee on Armed Services, U. S. Senate, January 16, pp. 90–103; January 29, pp. 49–53; February 2, pp. 7–50.

PLAINTIFF'S EXHIBIT 63 (Continued)

Chairman SALTONSTALL. Are you still a special partner?
Mr. TALBOTT. I am still a special partner in that company.
Chairman SALTONSTALL. What is the name of that company?
Mr. TALBOTT. Mulligan & Co.
Chairman SALTONSTALL. What business does it do?
Mr. TALBOTT. Industrial engineering, and they confine their work entirely to clerical companies, controls, clerical controls, or the study of the numbers of clerks needed in an industry, and in their clerical work. And it is very successful in its analysis of how many clerks are needed in the operation of a business.

Now, in setting myself up as a special partner, our lawyers drew up an agreement with the other partner—there are only two partners, Mulligan and myself—that no work was to be done while I am in Washington that had to do with defense work essentially. They may be doing some work for Ford, for example, but that is not essentially a war contract. But where it is possible, they will stay away from any of the aircraft companies.

Chairman SALTONSTALL. In other words, you have divested yourself of every business interest, or will have divested yourself from every business interest, when you are sworn in as Secretary of the Air?
Mr. TALBOTT. Yes, sir.[8]

Mr. Talbott was sworn in as Secretary of the Air Force on February 4, 1953. In early March 1955, it was reported to the staff of this subcommittee that Mr. Harold Talbott's interest in the Paul B. Mulligan & Co. had undergone no change since he became Secretary and this company was doing business with other companies that had contracts with the defense services, including the Air Force. A preliminary investigation was ordered by the chairman of the subcommittee. Upon its completion, on July 18, 1955, the chairman arranged a conference between the Secretary of the Air Force and the subcommittee members.

At Mr. Talbott's request, he appeared on the afternoon of July 21, in open session and thereafter, public hearings were held on July 25, 26, and 27 to hear Mr. Talbott 2 more times, as well as 4 other witnesses. In addition, a recorded telephone conversation between the chairman and Senator Mundt with representatives of Douglas Aircraft was placed in the record. All the hearings, by unanimous consent, were open to the public.

The record established that the contracts entered into by the Paul B. Mulligan & Co. during the period of 1953–55 were the following:[9]

Company	*Date of contract*
American Greetings Corp	Nov. 16, 1953.
Anemostat Corp	June 1, 1953.
Avco Corp.[1]	July 6, 1953.
Blue Bell	November 1953.
Baldwin-Lima-Hamilton Corp.[1]	June 1, 1953.
Cleveland Electric Illuminating Co.[1]	Mar. 1, 1954.
Cone Mills[1]	July 14, 1954.
Electric Auto-Lite[1]	Aug. 18, 1954.
Greyhound Corp	Nov. 30, 1953.
Mutual Benefit Life Insurance Co	Mar. 1, 1955.
Olin Mathieson (former Olin Industries)[1]	Sept. 15, 1953.
Oscar Mayer[1]	Nov. 29, 1954.
Owens-Illinois Glass Co., Inc	June 29, 1953.
R. H. Macy	July 6, 1953.
Richfield Oil[1]	June 15, 1954.
Union Oil Co.[1]	Apr. 4, 1955.
Willys Motors, Inc.[1]	June 28, 1954.
Worthington Corp.[1]	Feb. 24, 1954.

[1] Indicates companies having business with one or more of the defense services.

[8] Ibid., January 16, p. 92.
[9] Hearings, Harold E. Talbott, Secretary of the Air Force, p. 109.

PLAINTIFF'S EXHIBIT 63 (Continued)

The earnings of the Paul B. Mulligan & Co., as placed in the record by Paul B. Mulligan, were as follows: [10]

Statement of operations—Paul B. Mulligan & Co., Feb. 1, 1947, to Jan. 31, 1955

Year ending Jan. 31	Gross income	Overhead less Paul B. Mulligan & Co., salary	Net profit for partners	Paul B. Mulligan & Co., income (including salary)	Harold E. Talbott income
1948	$76,000	$49,209	$2,833	$28,375	$1,417
1949	94,825	60,152	9,674	29,837	4,837
1950	169,200	92,678	51,522	50,761	25,761
1951	269,000	159,998	84,004	67,002	42,002
1952	321,800	195,972	100,528	75,264	50,264
1953	285,800	176,173	84,327	67,163	42,163
1954	405,300	249,542	130,758	90,379	65,379
1955	411,850	253,542	133,307	91,653	66,653

Mr. Talbott in his appearance before the subcommittee on July 21 denied any illegal or improper action on his part while serving as Secretary of the Air Force and as a partner in the Paul B. Mulligan & Co.[11] He asked that there be placed in the record a letter written to Mr. Mulligan on January 8, 1953, which follows: [12]

DEAR MR. MULLIGAN: As you know, I have been designated Secretary of the Air Force in the new administration, and if confirmed by the Senate, will be in charge of procurement of aircraft and other materials, equipment, and services for that branch of the Armed Forces of the United States. I have resigned all directorships and other positions of responsibility with all corporations with which I have been connected.

You and I are general partners in Paul B. Mulligan & Co., which in its business of management engineering, could logically acquire clients and receive compensation from business entities doing business with the Department. Because of possible criticism of such an eventuality and the fact that I will be fully occupied by my new duties, I wish to record now my view of how such accounts should be handled. I do not believe our partnership should be discontinued, but believe some changes should be made in my participation in it.

I suggest that during my tenure of office, I be considered in the nature of a special or limited partner in the firm of Paul B. Mulligan & Co., with full and complete authority in you alone to continue the business and to make all decisions without consultations or advice from me.

Should the firm secure clients whose business, in your opinion, is predominately in the area of the procurement responsibilities of the Secretary of the Air Force, they shall be handled as special accounts and be segregated completely from the other business of the firm. Should you be in doubt with respect to the classification of any account, I authorize you to consult with my attorney Mr. Murray Smith, who will advise you concerning same. With respect to such special accounts, I shall receive no income or compensation whatever. Will you please sign and return the enclosed copy of this letter as evidence of your agreement to the foregoing?

With best wishes for your continued success, I am,

Sincerely,

HAROLD E. TALBOTT.

Mr. Talbott stated that this special partnership arrangement was never used by him and that he had received his full share of all the profits of the company while he was Secretary of the Air Force.[13] He agreed that the Paul B. Mulligan & Co. did business with companies that had contracts with the military services, but stated that these

[10] Ibid., p. 198.
[11] Ibid., p. 8.
[12] Ibid., p. 195.
[13] Ibid., pp. 5, 198.

PLAINTIFF'S EXHIBIT 63 (Continued)

companies were not "predominantly" or "essentially" in the defense fields.[14] However, Mr. Talbott later acknowledged that approximately 50 percent of the business of Avco Manufacturing Co., a client of Paul B. Mulligan & Co., was with the defense services.[15] He said he found nothing improper in writing to prospective clients, even though these prospective clients were defense contractors.[16] Some correspondence and memoranda were obtained from Mr. Talbott and from the files of the Paul B. Mulligan & Co. and were placed in the record. The letters of most concern to the subcommittee are the following:

FEBRUARY 12, 1953.

Mr. JOHN W. HANES,[17]
Olin Industries, Inc., New York, N. Y.

DEAR JOHN: I am asking Mr. Paul Mulligan, of Mulligan & Co., to drop in to see you.

I will appreciate it very much if you can arrange to give him 30 minutes. You can be really helpful to me, I feel sure.

Sincerely,

HAROLD E. TALBOTT.

FEBRUARY 11, 1955.

Mr. FRANK MISCH,
Detroit, Mich.[18]

DEAR MR. MISCH: [19] After I chatted with "Tex" Colbert, I telephoned to our offices in New York. Mr. John B. Van Haelen[20] and Mr. Robert W. Moore,[21] will be at your office at 10 o'clock Monday morning, February 14.

I appreciate very much your seeing these men, and feel sure that you will be very much interested in the story as they present it.

Things move along so fast these days that I don't realize how many of you younger men have come up to take the important positions in the corporation.

I had hoped that I would be out to visit with "Tex" and some of your officials before this time, but it seems that it has just been impossible. I do hope I'll be able to pay a visit soon, and will look forward to seeing you at that time.

Sincerely yours,

HAROLD E. TALBOTT.

Examples of memoranda taken from the files of the Paul B. Mulligan & Co. are the following:

SUBJECTS TO BE DISCUSSED WITH HAROLD E. TALBOTT, APRIL 7, 1953

(1) February financial situation
(2) Olin Industries
(3) Baldwin-Lima-Hamilton
(4) Western Union
(5) Gillette Safety
(6) In the East:
- American Can (Mazur)
- American Smelting (Mazur)
- Hanover Bank (Schwartz)
- General Cable (Mazur)
- Grand Union (Van Haelen)
- Kennecott Copper (Schwartz)
- Phillip Morris (Schwartz)
- Schenley Industries (Schwartz)
- Sperry Corp. (Schwartz)
- Underwood Corp. (Schwartz)

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[14] Ibid., p. 17.
[15] Ibid., p. 18.
[16] Ibid., pp. 6–8, 19.
[17] Ibid., p. 206, exhibit 28a.
[18] Ibid., p. 198, exhibit 7.
[19] Chairman of Finance Committee, Olin Mathieson Chemical Co.
[20] Vice president, organization—Chrysler Corp.
[21] Employee of Paul B. Mulligan & Co.

PLAINTIFF'S EXHIBIT 63 (Continued)

(7) Stewart-Warner
(8) Western situation:
Ford Motor
American Greeting Card
Perfection Stove
Cleveland Electric Illuminating
(9) Request advise on:
Atchison, Topeka & Santa Fe
Greyhound
(10) Advise concerning rental of space
(11) Quinn-Cincinnati Milling Machine Co.
J. & W. Selegman
Minneapolis Honeywell (Schwartz through Quinn)
Maytag (Schwartz)
(12) Have Harold E. Talbott call Schwartz at 4 p. m.[22]

JANUARY 27, 1955.

From: Billy Kern.
To: Walter Cook.

Just a note to let you know that Mr. Talbott has talked directly to Reece Taylor on the telephone. Hope this does the trick.

Best regards.

BILLIE KERN.[23]

Paul B. Mulligan & Co. signed a contract with the Union Oil Co. on April 4, 1955. It should be noted that Mr. Mulligan testified that Billie Kern is his secretary; Walter Cook, an employee of Mulligan & Co., on the west coast, and that Reece Taylor is president of the Union Oil Co.[24]

Secretary Talbott testified in his first appearance on July 21, 1955, that when he learned that the RCA company had raised a question as to the propriety of its making a contract with the Paul B. Mulligan & Co. because of Talbott being a partner and RCA having contracts with the military services, his immediate reaction was: "My goodness, if there is any such suspicion forget it. We won't do the contract or have anything to do with it."[25] He stated he immediately told Paul B. Mulligan to drop the idea of making a contract with RCA for he would "not think of having any business with them."[26] He said he did not press RCA to make the contract, and initially stated he did not tell anyone in the Air Force that he was dissatisfied with RCA for not entering into the contract. However, later he agreed that he might have mentioned the difficulty the Mulligan Co. had been having with RCA to the General Counsel for the Air Force, Mr. John A. Johnson, but he stated he did not ask him to take any action.[27] He further testified that he could not remember having a conversation with Mr. Sam Ewing, an attorney for RCA at Camden, N. J., regarding the contract and in which conversation he expressed disapproval of RCA's position.[28]

However, on July 22, Mr. Talbott wrote to the chairman:

This morning I talked with Mr. John Johnson, General Counsel for the Department of the Air Force.

He refreshed my memory regarding the conversation with a Mr. Ewing of RCA, Camden. Mr. Kennedy's statement yesterday that I had talked with Mr. Ewing is correct and my memory was at fault.[29]

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[22] Hearings, Harold E. Talbott, Secretary of the Air Force, p. 200, exhibit 10.
[23] Ibid., p. 51.
[24] Ibid., p. 51.
[25] Ibid., p. 28.
[26] Ibid., p. 29.
[27] Ibid., p. 29.
[28] Ibid., p. 30.
[29] Available in the files of the subcommittee.

PLAINTIFF'S EXHIBIT 63 (Continued)

On July 25, 1955, Mr. Sam Ewing was called to testify. He stated that a question as to the legality and propriety of RCA entering into a contract with Paul B. Mulligan & Co. was raised when RCA officials learned that Mr. Harold Talbott was a partner of Paul B. Mulligan in this efficiency firm.[30] This came about after Mr. Talbott telephoned Mr. David Sarnoff, chairman of the board of RCA, in November 1953 and told him that his partner, Paul B. Mulligan, was meeting some obstacles in making a contract with the RCA company and that Mr. Sarnoff might look into the matter to see if it could be expedited.

The legal division of RCA questioned whether it would be legal and proper for RCA to contract with the Mulligan Co.[31] Mr. Ewing testified that Mr. Mulligan was informed of this opinion and that RCA would not make a contract with Mulligan Co. unless it received a letter or memorandum from the Attorney General stating that it was legal and proper for RCA to do so.[32] Mr. Mulligan told him that he should have a conference with Mr. Murray Smith, a lawyer designated by Mr. Talbott to handle these affairs.[33] Mr. Ewing held such a conference, and Mr. Smith told him he would be in touch with him at a later date.

On a number of different occasions in December, Mr. Mulligan called Mr. Ewing and another official of RCA to tell them that Mr. Talbott was disturbed that this question had been raised by RCA.[34]

On January 4, 1955, Mr. Ewing received a telephone call from Mr. Mulligan, who asked him how the matter stood. Mr. Ewing explained that he still had not heard from Mr. Murray Smith.[35]

Mr. KENNEDY. And then what occurred after that?

Mr. EWING. Well, later in the day, I received a telephone call from Washington from a man who identified himself as the General Counsel of the Air Force, Mr. John A. Johnson.

Mr. KENNEDY. Go ahead.

Mr. EWING. All right.

He said that he had understood that RCA was troubled about this proposed contract with Mulligan & Co. and that he was prepared to write a letter of opinion and give it to RCA stating that he saw no legal reason why the contract could not be entered into.

Mr. KENNEDY. He said that he would provide a legal opinion for RCA regarding the legality of entering into this contract?

Mr. EWING. Yes; he said he would give a legal opinion to RCA.

Mr. KENNEDY. What was your answer to that?

Mr. EWING. Well, we discussed or we got into somewhat of a legal discussion, as I was not clear that he understood all of the facts, and that he had really looked into the matter.

Mr. KENNEDY. How long did that discussion last?

Mr. EWING. It is hard to tell at this late date. I would guess a couple of minutes, certainly.

Mr. KENNEDY. Then did some other event take place?

Mr. EWING. Yes.

Mr. KENNEDY. What happened then?

Mr. EWING. A new voice came on the wire, and the individual speaking identified himself as Secretary Talbott. He was talking quite rapidly and, among other things, he told me or listed over the phone the names of a number of other companies that he said were doing work for the Air Force that had contracts with the Mulligan Co.

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[30] Hearings, Harold E. Talbott, Secretary of the Air Force, p. 80
[31] Ibid., pp. 80–81.
[32] Ibid., pp. 80–90.
[33] Ibid., p. 82.
[34] Ibid., p. 83.
[35] Ibid., p. 84.

PLAINTIFF'S EXHIBIT 63 (Continued)

Mr. KENNEDY. Do you remember the names of some of those companies?

Mr. EWING. I recall a few of them. He must have mentioned 12 or 15, AVCO was one, Baldwin, I think Continental Can, General Analine, General Foods, and those are the only ones that I happen to remember.

The CHAIRMAN. I understand that he mentioned those as companies that had contracts with the Defense Department?

Mr. EWING. Yes, sir.

The CHAIRMAN. Pointing out, as I understand it, that others with contracts with the Air Force were becoming clients or had been clients of Mulligan & Co.; is that correct?

Mr. EWING. Yes, sir.

Mr. KENNEDY. Did he say that these companies had contracts with the Air Force or with the Defense Department?

Mr. EWING. To the best of my recollection, he said the Air Force, but it might have been the Defense Department.

Mr. KENNEDY. Now, the conversation went on and what did he say?

Mr. EWING. Well, when I had the opportunity to say anything, I said that I was very much surprised by this telephone call, that I had reviewed the matter with the attorney I thought was representing him in his Mulligan & Co. interest, Mr. Murray Smith, and that I was waiting to hear back from him; and that I had never heard from him.

Mr. KENNEDY. What did he say to that?

Mr. EWING. Well, he said something to this effect, that "Oh, Murray Smith is just a lawyer out in Dayton; he doesn't know what is going on around here" and "Mr. Johnson is representing me in this matter."

The CHAIRMAN. You mean he told you that Mr. Johnson, General Counsel for the Air Force, was representing him in this matter?

Mr. EWING. Yes, sir.

Mr. KENNEDY. Is that what you want to convey to this committee?

Mr. EWING. Well, it is what unfortunately I am compelled to convey to this committee, sir.

Mr. KENNEDY. What else did he say in this conversation regarding the position of RCA?

Mr. EWING. Well, I don't recall that.

Mr. KENNEDY. Do you recall some of the words that he used, Mr. Ewing?

Mr. EWING. I honestly don't.

Mr. KENNEDY. Do you remember if I refresh your recollection of our first conversation, you stated that he said, "Why is RCA acting so high and mighty?" Do you remember him using those words?

Mr. EWING. You are absolutely correct. He said that if all of these other companies could take contracts with Mulligan & Co., why was RCA acting so high and mighty?[36]

Mr. Ewing testified that Mr. Talbott seemed "annoyed" during the conversation;[37] "his tone of voice was forceful and it seemed that he wanted some action."[38]

Mr. Ewing reported this conversation to his superiors in New York and that same day he received instructions from them to have no further dealings with Mr. Johnson or any other person in Washington on this contract.[39] Mr. Ewing telephoned Mr. Johnson to this effect and told him that all his future dealings should be with the New York office of RCA.[40]

Mr. John A. Johnson, General Counsel of the Air Force, was called to testify. He stated that on January 4, 1955, Mr. Talbott had called him into his office and told him of the objection that RCA had raised to making a contract with the Paul B. Mulligan & Co.[41] After reviewing the testimony of Mr. Talbott before the Senate Armed Services Committee, he called Mr. Sam Ewing at the RCA Camden,

[36] Ibid., pp. 84–85.
[37] Ibid., p. 86.
[38] Ibid., p. 89.
[39] Ibid., pp. 86–87.
[40] Ibid., p. 87.
[41] Ibid., p. 93.

PLAINTIFF'S EXHIBIT 63 (Continued)

N. J., office.[42] There was discussion regarding the legal question involved, and he told Mr. Ewing he was prepared to give the Secretary of the Air Force a letter to the effect that no statute would be violated if RCA made this contract with the Paul B. Mulligan & Co.[42]

Mr. Johnson said that Mr. Talbott then carried on a conversation with Mr. Ewing in which Mr. Talbott—

> indicated he was very upset by the implication that the legality and propriety of his retention of a partnership interest in Paul B. Mulligan & Co. was being questioned.[42]

Mr. Ewing telephoned him later in the day to tell him the matter had been referred to the RCA New York office and was out of his hands.[42]

On January 5 a lawyer from the RCA Washington office visited Mr. Johnson and indicated that RCA would be satisfied only with an opinion from the Attorney General or the General Counsel of the Air Force concurred in by the Attorney General.[42] Mr. Johnson testified that he informed Secretary Talbott and the Secretary asked him to discuss the matter with the Attorney General. Mr. Johnson called on the Attorney General on January 6 and showed him a memorandum which he had prepared for the Secretary, stating that no statute would be violated in an RCA and Paul B. Mulligan & Co. contract.[42] The Attorney General, he said, expressed no disagreement with this legal conclusion but stated he would like to take this matter under consideration.[42]

On January 8, 1955, Mr. Johnson told Secretary Talbott of the conference with the Attorney General, and within a few days Secretary Talbott told him there would be no contract between the Paul B. Mulligan & Co. and RCA and to take no further action in the matter.[43]

Mr. Johnson stated that he was meeting the duties of his office in giving the Secretary a legal opinion as to whether there would be a violation of the conflict-of-interest statutes. He said it was not his duty nor did he deem it proper for him to comment on the propriety of Mr. Talbott's actions in this matter.[44] He pointed out, however, that Mr. Talbott had put the Armed Services Committee on notice that he was going to retain an interest in the Paul B. Mulligan & Co. as a special partner.

Mr. Talbott reappeared before the subcommittee on July 26, 1955, and testified he had been in error in his previous testimony. He said Mr. Ewing and Mr. Johnson were correct regarding his actions in the Mulligan-RCA dispute.[45] Specifically, he stated that he was mistaken when he testified that he did not ask Mr. Johnson to take any action in this contract, because, in addition to calling Mr. Ewing, at his request, Mr. Johnson had gone to see the Attorney General to get a ruling from him that no statute would be violated if RCA made this contract with the Mulligan Co.[45] He believed the Attorney General subsequently informed him that he could not, within the duties of his office, give him such an opinion.[46]

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[42] Ibid., p. 94.
[43] Ibid., pp. 94–95.
[44] Ibid., pp. 97–103.
[45] Ibid., p. 160.
[46] Ibid., p. 161.

PLAINTIFF'S EXHIBIT 63 (Continued)

Mr. Talbott reappeared before the subcommittee on the last day of the hearings and said:

> In retrospect, however, I now see that I was mistaken in permitting myself to make phone calls or write letters about the Mulligan Co. The few minutes I have given to the Mulligan Co. since I took office have been a trivial part of my time. I really doubt that I have given Mulligan Co., and my other private affairs, 2½ days out of the 2½ years I have been in Washington. My interest in the company has never influenced me in the slightest degree in the execution of my duties as Secretary of the Air Force, and I hope and believe that that is the opinion of you all.[47]

Mr. Talbott then testified that on July 22 he had written his partner, Mr. Paul B. Mulligan, that he was divesting himself of all interest in their partnership and that Mr. Mulligan had informed him that the partnership would be dissolved as of July 31, 1955.[48]

Mr. Talbott resigned as Secretary of the Air Force on August 1, 1955, and his resignation was accepted by the President of the United States on the same day.

The subcommittee finds that Mr. Talbott made a mistake and acted indiscreetly in his position as Secretary of the Air Force. It agrees his resignation was quite proper under the circumstances.

Inefficiencies in Department of Agriculture Grain Bin Program

As part of the farm price-support program, the Department of Agriculture, through the Commodity Credit Corporation, has purchased millions of dollars of surplus grain from American farmers. The handling of this grain presented a considerable problem, since its storage requirements have far exceeded commercial storage facilities.

In order to store surplus grain, the Department has actively engaged in the purchase of grain storage bins since 1949. As of August 20, 1954, it had on hand 192,878 grain bins with a capacity of 843,890,529 bushels. The cost to the American taxpayer for these facilities totals $177,217,000.

The Department of Agriculture, since 1949, has arranged with the Naval Inspection Service of the Navy Department, on a reimbursible basis, to establish proper and adequate inspection procedure at the manufacturer's plant to assure that these materials meet specifications. The Department of Agriculture has been responsible for the furnishing of adequate specifications and plans to the Naval Inspection Service.

The Department is responsible for establishing a proper inspection at the erection site to see that the bins are erected according to Government specifications.

This subcommittee held public hearings for 4 days during July and August of 1955 and examined closely allegations of inefficiency and mismanagement in the purchase and construction of grain storage facilities.[49]

CONFUSION AND LACK OF COORDINATION

The metal grain bin program of 1954 was handled in an atmosphere of confusion, gross carelessness, and a lack of coordination which was compounded by the division of responsibility between the Department of Agriculture, Naval Inspection Service, and State agricultural offices to whom the bins were delivered.

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[47] Ibid., p. 179.
[48] Ibid., p. 180.
[49] Hearings, Grain Bins, Department of Agriculture, July 22, August 2, 3, and 4, 1955.

PLAINTIFF'S EXHIBIT 63 (Continued)

FAILURE TO PROFIT BY ERRORS

During 1949 and 1950 the Department of Agriculture purchased a large number of bins which were found to be defective. The inability to fix responsibility between the fabricator and the erector or, in other instances to establish the liability of the manufacturer, was due to lack of proper inspection procedures. As a result only $31,000 out of $893,864.89 of claims for defective bins erected in 1949–50 has thus far been collected.

In 1954 a large number of metal grain bins were purchased under the grain storage bin program and many have been found to be defective. Errors in manufacturing by Black, Sivalls & Bryson of Kansas City, Mo., coupled often with poor workmanship on the part of the erectors, has caused many of the side walls of the bins to buckle and squash.

The fact that some of these bins are neither weather nor grain tight, the fact that moisture and vermin might enter the structures, and the necessity of moving the grain to new bins to prevent its deterioration and contamination have made the 1954 grain-bin program unnecessarily costly to the Government.

The Department of Agriculture did not adopt sufficient corrective measures following the mistakes made in 1949 and 1950. It was aware that the losses in the erection of defective bins were caused by the lack of proper specifications, failure to provide for proper inspection of materials at the manufacturing plant, and failure to provide for proper inspection at the site of erection. Despite this knowledge it failed to remedy the situation by providing adequate specifications and inspection in 1953–54. From the number of defective grain bins in 1949 and 1950, the Naval Inspection Service knew or should have known of the deficiencies in its Inspection Service.

The Department of Agriculture and the Naval Inspection Service were both guilty of gross inefficiency and demonstrated poor business management and lack of initiative and judgment.

WOODEN BINS

Wooden bins purchased by the Department of Agriculture in 1954 from the Reeves Co., of Los Angeles, Calif., and other companies, were found to be defective. The Department of Agriculture is severely criticized for its negligence and inefficiency in failing to act and process claims when defective wooden bins were reported. The Navy Department likewise is severely criticized for its negligence and inefficiency in wrongfully certifying that defective lumber met Government specifications. The negligence and inefficiency of these Departments has resulted in a considerable loss to the Government.

ERRORS

There were 14 major errors committed by the Department of Agriculture and the Naval Inspection Service in the 1954 grain-bin program. They are listed below:

PLAINTIFF'S EXHIBIT 63 (Continued)

I. The Department of Agriculture

(a) Metal bins

(1) The Department of Agriculture failed to furnish the Navy inspectors with adequate drawings and specifications in order for them to carry out a proper inspection of grain bins.

(2) No provision was adopted by the Department of Agriculture for adequate inspection at the erection site to check whether the materials received were in accordance with Government specifications or if the erection was properly performed.

(3) A pilot model bin or sample structure was not requested by the Department in 1954 to check whether the component parts of the bin met Government specifications and the bin could be readily assembled.

(4) The Department of Agriculture instructions relating to the method and procedure for the packaging for shipment of the various parts of the grain bin lacked clarity and detail.

(b) Wooden bins

(5) The Department of Agriculture was dilatory in acting upon complaints that the lumber used in bins was defective and inferior.

(6) The Department of Agriculture failed to properly press for price adjustments from the contractors for failure to use proper materials.

II. The Naval Inspection Service

(a) Metal bins

(1) The Naval Inspection Service failed to properly check and ascertain whether the Department of Agriculture's drawings and specifications submitted for the inspection of steel bins were adequate for a proper inspection.

(2) The inspectors were not instructed by their superior as to the type of inspection they were to carry out.

(3) The Naval Inspection Service used drawings after their deficiencies had been drawn to the attention of the Inspector-Director of the Office of Navy Material by the staff of the subcommittee.

(4) Naval inspectors on several occasions improperly used the manufacturer's shop drawings to conduct their inspection of the bins. These drawings had not been approved by the Department of Agriculture and were in error.

(5) The inspectors improperly approved 900 perfection-type bins which were not in accordance with the Department of Agriculture specifications for bolt spacing.

(6) The inspectors certified various component parts of the bin to be in accordance with Government specifications, even though they failed to inspect them. These included—

(a) Foundation pads.

(b) Formation of the top corrugation of the foundation ring.

(c) Distance between boltholes on the side-wall sheets of the bins.

(7) In the inspection of the pilot model bin the following errors were made:

(a) The inspector was not present when the bin was erected to determine if it could be readily assembled.

PLAINTIFF'S EXHIBIT 63 (Continued)

(*b*) The inspection was carried out without drawings and specifications.

(*c*) The material used to construct the pilot model was not checked by the Navy inspector. It was erected from 1953 stock, not from the material sold to the Government in 1954.

(*d*) The naval inspector was not aware that it was his responsibility to determine whether the bin met Government specifications until sometime after he completed his inspection.

(*b*) *Wooden bins*

(8) Navy inspectors in 1954 improperly and inaccurately certified lumber as meeting Government specifications.

CORRECTIVE MEASURES

The subcommittee has been informed that on December 22, 1955, B. S. & B. entered into an agreement with the Department of Agriculture to extend its warranty for 4 years to August 31, 1959. This warranty calls for repair of defective bins to assure that they will be graintight, weathertight and structurally sound. As evidence of its good faith, the company has posted a $1 million surety bond. It should be noted from the inception of its investigation the subcommittee found the officials of B. S. & B. most cooperative.

The subcommittee also has been informed that there have been 21 corrective measures taken by the Department of Agriculture and the Department of the Navy as a result of the investigation and hearings of the subcommittee on this matter.

(*a*) *The Department of Agriculture*

(1) An inspection at the erection site has been instituted for the 1955 grain-bin program.

(2) The manufacturer is required to submit to the Department of Agriculture shop drawings for the side-wall sheet of the bin, foundation-ring sheet, and the footing pad.

(3) The Department of Agriculture will provide the Navy inspectors with adequate and approved fabrication drawings for the side-wall sheet, the footing pad, and the foundation-ring sheet.

(4) The Department of Agriculture will provide drawings and specifications for completely corrugated foundation rings in lieu of those previously used.

(5) The manufacturer is required to erect a complete sample structure from current production.

(6) The erection of a sample structure will be required at the rate of 1 structure out of every 500 bins, or more frequently if required by the inspector.

(7) Manufacturers will be required to assemble any part or parts of the structure from elements under current production, selected at random by the inspector as frequently as he may determine.

(8) The manufacturer is required to package structures for shipment in such manner as to obtain lowest carload lot rates. New requirements for loading, blocking, and bracing of structures and parts have been adopted to fully protect and maintain original shape and design.

(9) In the packaging of the bin components for shipment, no package shall exceed a total weight of all the six sheets comprising ring No. 2 of the bin.

PLAINTIFF'S EXHIBIT 63 (Continued)

(10) The inspector designated by the Department of Agriculture will either reject structures or parts thereof or certify that they are in accordance with Government specifications.

(11) The manufacturer is required to certify that each structure erected meets all erection specifications and was constructed fully in accordance with Government specifications.

(12) The inspection or acceptance of structures by the Department of Agriculture shall in no way affect warranties or other contract requirements.

(13) The manufacturer's warranty that the bin is in accordance with Government specifications is to be for 2 years instead of 1 year.

(14) The manufacturer is required to supervise and inspect all phases of the work in connection with the construction in erection of his structure.

(15) If the structure does not meet Government specifications, the manufacturer shall specify in detail where it fails to conform.

(16) The punching of holes in all sheets will vary with each tier sheet. This will preclude placing the wrong wall sheet in any of the six tiers which comprise the bin.

(17) Both wooden bins and the manufacturers' own designed bin are excluded from the Department of Agriculture grain bin procurement program. Unless an emergency arises only the Department's standard cylindrical bin is to be purchased.

(*b*) *The Naval Inspection Service*

(1) Individuals responsible for inspecting grain storage bins are being trained much more intensively.

(2) Upon receipt of request to perform inspection services, the Navy inspection office will carefully review the request to assure that all essential detailed information, specifications, and drawings are provided. It will undertake to establish proper inspection procedures and assign a trained and capable staff of inspectors to perform requested services.

(3) A closer liaison has been instituted at the Washington level between the Department of Agriculture and the Naval Inspection Service.

(4) A closer liaison between the Naval Inspection Service in Washington and its field office will be maintained in the future. Upon a receipt of a request from the Department of Agriculture, the Naval inspection office in the field will immediately notify the Naval inspection office in Washington, so that the latter office will be able to maintain administrative control over the inspection services being furnished.

HUGH W. CROSS

In early September 1955 it was reported to the subcommittee that Mr. Hugh W. Cross, chairman of the Interstate Commerce Commission, interceded for personal reasons with officials of certain railroads in order to influence the awarding of a contract in favor of a company owned by Mr. J. L. Keeshin, of Chicago, Ill. This contract was awarded by these railroads to Railroad Transfer Service, Inc., the Keeshin firm, for the intracity transportation of passengers and baggage between stations in Chicago, Ill.[80]

[80] Hearings, Hugh W. Cross, Chairman of the Interstate Commerce Commission, November 15, 1955, p. 11.

PLAINTIFF'S EXHIBIT 63 (Continued)

Mr. Hugh Cross is an attorney and has been a member of the Interstate Commerce Commission since April 11, 1949. From July 1, 1955, until the date of his resignation, November 23, 1955, he was Chairman of this Commission.

In the past the Interstate Commerce Commission has ruled that the transportation of passengers and baggage between stations in Chicago, Ill., is not properly the subject of Interstate Commerce Commission regulation. This matter of jurisdiction is still in controversy.[51] However, there is no question that the railroads upon whom the decision in this contract negotiation rested are subject to the Interstate Commerce Commission regulations and are, therefore, susceptible to influence by its members.

Chicago is one of the largest railroad centers in the United States. However, while Washington, New York, Boston, and other major cities have 1 or 2 railroad stations, Chicago has 8 separate terminals at different points in the city. Each of these stations provides a terminal for from 1 to 6 railroads. A large number of the passengers traveling through the city of Chicago are, therefore, required to transfer from one terminal to another by means other than railroad. The contract calling for transportation of these passengers and baggage from one station to another amounts to a gross of $1½ million each year.

For 102 years the transfer of passengers with their baggage between stations in Chicago has been provided by the Parmelee organization of Chicago. Except for isolated instances, this service was provided by the Parmelee organization without a formal contract.[52]

The 21 railroads involved have entrusted the making of these arrangements to the Western Passenger Association, an organization made up of railroads. Because of rising costs and allegations of declining service, the question of whether to continue the arrangement with Parmelee came under consideration by this group.

A subcommittee of this Western Passenger Association was appointed and met in March of 1954 to consider available alternatives. This subcommittee was made up of representatives of the following railroads:[53]

Baltimore & Ohio
Chicago & North Western
Illinois Central
Pennsylvania Railroad
New York Central
Atchison, Topeka & Santa Fe

Negotiations with a number of firms in the transportation business were carried on over the next year or so, culminating with the vote by the subcommittee on June 3, 1955, which unanimously favored transferring this business to Mr. John L. Keeshin. This action was ratified by the full group on June 13, 1955, and the Parmelee organization was notified that its services would terminate October 1, 1955, while the Keeshin firm was notified that its services would be contracted for beginning the same date.[54]

The allegation is that prior to the vote by the subcommittee Mr. Hugh Cross contacted certain railroad officials and attempted to influence their vote in favor of Mr. Keeshin because of an arrangement whereby, if Mr. Keeshin received the contract, Mr. Cross would be employed by him.

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[51] Ibid., p. 6.
[52] Ibid., p. 4.
[53] Ibid., p. 17.
[54] Ibid., p. 82.

PLAINTIFF'S EXHIBIT 63 (Continued)

A preliminary staff inquiry developed certain information regarding this transaction and included a staff interview with both Mr. Cross and Mr. Keeshin. In view of the fact that the information secured from independent sources tended to support the initial allegation, but was at variance with that secured both from Mr. Cross and Mr. Keeshin and also because the information provided by Mr. Cross was in certain respects different from that provided by Mr. Keeshin, executive hearings were held by the subcommittee on November 15, 1955, at which these men, among others, were witnesses.

Paul E. Feucht testimony

Mr. Paul E. Feucht, president of the Chicago & North Western Railroad, testified before the subcommittee that on May 13, 1955, Mr. Hugh Cross telephoned him regarding this contract.

Mr. Feucht's testimony follows in part:

Mr. FEUCHT. He called me and told me that he was interested in getting this or seeing that Keeshin got this contract, and he quoted some figures which I wrote down in a little penciled note on a pad and I told him that as far as I was concerned I would be very happy to look at it and pass the information on to my people who were handling it, but that each contract had to stand on its own feet, and if Keeshin's bid was the best bid we could get and they could perform the service and they were financially responsible, I would be very glad to take a look at it. But from an economic standpoint, each bid had to stand on its own feet.

The CHAIRMAN. Mr. Feucht, did he amplify or go into any explanation of the nature of his interest in seeing that Keeshin got the contract?

Mr. FEUCHT. No, and I was quite puzzled as to why I got the call.

The CHAIRMAN. You were puzzled?

Mr. FEUCHT. Yes.

The CHAIRMAN. You mean that you had not anticipated such a call?

Mr. FEUCHT. No, I had not.

The CHAIRMAN. You also were concerned about the propriety of such a call?

Mr. FEUCHT. I didn't give it a second thought, at that time. I thought about it afterward a little bit.

The CHAIRMAN. What did you think about it afterward?

Mr. FEUCHT. I just thought it was kind of funny that someone like that would call me about this contract.

At another point in this testimony the following was recorded:

The CHAIRMAN. And the information he gave you was somewhat in the nature of an argument in favor of Keeshin, was it not?

Mr. FEUCHT. That is correct.[55]

There was presented to the subcommittee in evidence a memorandum prepared by Mr. Feucht immediately following his conversation with Mr. Cross. It is headed "Memorandum of My Conversation With Hugh Cross, Commissioner, Interstate Commerce Commission, at 4:15 p. m.[56] Friday, May 13, 1955":

Hugh Cross stated that he was very much interested in seeing that J. L. Keeshin got the new contract with the railroads here in Chicago to handle baggage and people between the various stations. He understands the contract expires July 1 and there are three bids for the new contract—Willett, Parmalee, and Keeshin.

The bid Keeshin has proposed is $1.20 which is 2 cents lower than what we are now paying. In other words, we are paying $1.22. For every 5 cents an hour wage increase they will only increase 1 cent an hour but they will not go higher in 3 years than 3 cents even though the wage increase might be higher than 3 cents an hour. Parmalee came down and met the $1.20 but there are

[55] Ibid., pp. 8–9.

[56] Ibid., p. 59. The telephone records subpenaed by the subcommittee indicate that there was a telephone call from Mr. Cross in Washington, D. C., to Mr. Feucht in Chicago, at 5:10 p. m., Friday, May 13, 1955. In view of the difference of time, the 5:10 in Washington would be 4:10 in Chicago, coinciding with the time indicated by Mr. Feucht in his memorandum. The records reveal that this telephone conversation lasted for 11 minutes.

PLAINTIFF'S EXHIBIT 63 (Continued)

some jokers in their proposal in that their contract states that for every 1 percent decrease in receipts there will be a 1 cent raise in tickets, which clause is not in Keeshin's bid.

In addition, Keeshin offers eight passenger station wagons, heated in the wintertime and air conditioned in the summer, they would put any suggested name on them the railroads decide upon, they would handle baggage every hour on the hour between the various stations, and they would have representation here in Chicago as against the absentee representation by Parmalee.

He also stated that Keeshin's proposal was backed up by the First National Bank and they would get new equipment every 3 or 5 years (I am not positive but I believe he said every 3 years).[57]

Mr. Feucht said that prior to receiving the call from Mr. Cross, he did not know the details of the competing proposals. Upon checking later he learned that these features as quoted by Mr. Cross were substantially accurate.

Wayne A. Johnston testimony

Mr. Wayne A. Johnston, president of the Illinois Central Railroad, testified before the subcommittee that, sometime prior to the final decision on the contract in question, he was talking with Mr. Hugh Cross in Mr. Cross' office in Washington. Mr. Johnston said that he had heard that Mr. Cross was planning to go to work for the new company to be formed by Mr. Keeshin to handle the transfer business and therefore on this occasion he asked Mr. Cross whether the rumor he had heard was accurate; whereupon Mr. Cross said that if Mr. Keeshin was successful in getting the contract he, Mr. Cross, was going to go to work for him.[58]

Mr. Johnston was uncertain what position Mr. Cross would occupy, but he was under the impression that Mr. Cross would be president of the new company set up to handle the transfer business. Mr. Johnston also testified that at no time did Mr. Cross ask him to give favorable consideration to the Keeshin Co.[59]

Howard E. Simpson testimony

Mr. Howard E. Simpson, president of the Baltimore & Ohio Railroad, submitted affidavits in lieu of his personal appearance. In these affidavits he said that during the spring of 1955 Mr. Cross called him from Washington asking for an appointment and thereafter came to Baltimore and conversed with him in his office. Among the subjects discussed was the contract for the transfer of passengers and baggage between railroad stations in Chicago. Mr. Cross asked Mr. Simpson the status of the negotiations, to which Mr. Simpson replied that he did not know all the details but would find out and inform Mr. Cross, which he did several days later. Mr. Simpson further said that Mr. Cross inquired about this matter a couple of times later. Mr. Simpson said that Mr. Cross made no attempt to influence his decision regarding which company should get the contract.[60]

The records of the Chesapeake & Potomac Telephone Co., subpenaed by the subcommittee, indicate four long-distance telephone calls, person to person, from Mr. Cross to Mr. Simpson on April 18, May 3, May 20, and June 8, 1955.[61] Two of these were made during the working hours from the Interstate Commerce Commission telephone but charged to Mr. Cross' home telephone number.

[57] Ibid., p. 10.
[58] Ibid., p. 20.
[59] Ibid., p. 19.
[60] Ibid., p. 22.
[61] Ibid., p. 25.

PLAINTIFF'S EXHIBIT 63 (Continued)

Fred G. Gurley testimony

Mr. Fred G. Gurley, president of the Atchison, Topeka & Santa Fe Railroad also submitted affidavits in lieu of of his personal appearance and in these affidavits he said that he had heard "rumors and statements" to the effect Cross would become associated with the Keeshin organization if it should succeed in securing the transfer contract. However, he swore that he had no communication of any kind either with Mr. Cross or Mr. Keeshin regarding the truth of these reports, or with Mr. Cross regarding the merits of the Keeshin proposal.[62]

In connection with this investigation the telephone toll tickets of Mr. Cross' home telephone number, along with that of Mr. Keeshin's home and business telephone, were subpenaed from the telephone company having custody of them. An examination of these calls from the period March 15 through September 1955 shows a total of 32 person-to-person telephone calls between Mr. Cross and Mr. John L. Keeshin. Of these, 18 were from Mr. Cross to Mr. Keeshin and 14 were from Mr. Keeshin to Mr. Cross. All but four of the Keeshin-to-Cross calls were made to Mr. Cross' home.[63]

It will be noted that these conversations took place at various times during the day but more often in the afterwork hours. In addition, it was noted that a number of these calls lasted for substantial lengths of time. A breakdown follows:

Number of calls up to 6 p. m.	8
Number of calls from 6 p. m. to 9 p. m.	8
Number of calls from 9 p. m. to midnight	14
Number of calls on which the time is not indicated	2
Total	32

It will be further noted that the length of these conversations is broken down as follows:

Up to 15 minutes	13
15 to 30 minutes	17
Over 30 minutes	2
Total	32

J. L. Keeshin testimony

When Mr. Keeshin testified before the subcommittee, he stated that in connection with another firm he had tentatively planned to buy more than a year ago, he had told Mr. Cross, who is a personal friend of many years duration, that if the transaction could be consummated he would like to have Cross come to head up the company.[64] He said this purchase was not concluded and therefore the condition for the offer was not fulfilled. However, he said:

> I told him then that if at any time he wanted to go back into business and wanted to become associated with me I would be very happy to have him associated with me.[65]

Mr. Keeshin told the subcommittee that there was no specific offer in connection with the contract for the intracity transfer service in Chicago.[66]

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[62] Ibid., p. 23.
[63] Ibid., p. 25.
[64] Ibid., p. 33.
[65] Ibid., p. 43.
[66] Ibid., p. 42.

PLAINTIFF'S EXHIBIT 63 (Continued)

Mr. Keeshin, in his sworn testimony, informed the subcommittee that he had discussed the contract for the Chicago transfer business with Cross and added:

> I wanted his views as to the fact that I was going into a different phase of this business of mine, and, like anything else, being he is my friend, if the occasion arises, that he could pass a good word for me, naturally I would hope he would do it.[67]

In another instance, Mr. Keeshin said with reference to Mr. Cross:

> * * * and he said if ever the occasion arose, he would pass a kind word for me.[68]

In another instance Mr. Keeshin said:

> When I got the contract, I called him and thanked him for what help he did give me, if he did give me any * * *[69]

Mr. Keeshin stated that he is a close friend of Mr. Cross, that they talked frequently by telephone, and that this Chicago contract was often a subject of discussion.[70]

Hugh W. Cross testimony

Mr. Hugh Cross informed the subcommittee in his sworn testimony that in his opinion and in retrospect he had been "indiscreet" in discussing this contract with officials of the interested railroads.[71] He informed the subcommittee that he has been personally friendly with Mr. Keeshin for a number of years. He said that probably in compliance with Mr. Keeshin's request that he determine the status of the matter he made an appointment with Mr. Simpson, president of the Baltimore & Ohio Railroad, and discussed the matter with Mr. Simpson, inquiring about the current status. On one or more occasions later he also inquired from Mr. Simpson, and on each occasion Mr. Simpson informed him concerning the situation at that time regarding the Chicago contract.[72]

Mr. Cross said that he is a close personal friend of Mr. Johnston, president of the Illinois Central Railroad and has been such for a number of years. He said that at some informal gathering which both attended, Mr. Johnston facetiously asked him if he was going to go to work for Keeshin. He said that since he considered Mr. Johnston's remark to be in jest, he did not make a flat denial. He said, however, that he did not tell Mr. Johnston that he would go to work for Mr. Keeshin if Mr. Keeshin got the Chicago contract.[73]

With reference to the telephone call to Mr. Feucht, Mr. Cross said that, as a member of the Interstate Commerce Commmission, he was interested in the welfare of all railroads. He said the situation of the Chicago & North Western Railroad was of particular interest to him for various reasons including the financial plight of the railroad and the isolated geographic location of the railroad station in Chicago requiring more transfers within the city. He said he called Mr. Feucht and gave him some details of Keeshin's bid in order to insure that Mr. Feucht and his subordinates would give adequate attention and study to this matter and arrive at the solution which was to the

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[67] Ibid., p. 40.
[68] Ibid., p. 41.
[69] Ibid., p. 46.
[70] Ibid., pp. 37, 40, and 41.
[71] Ibid., pp. 59, 65.
[72] Ibid., pp. 60, 75.
[73] Ibid., p. 79.

PLAINTIFF'S EXHIBIT 63 (Continued)

best interests of the Chicago & North Western Railroad.[74] In this connection the following testimony was recorded:

Senator ERVIN. You were afraid that without the suggestion from you that the president of the Chicago & North Western Railroad might not take the trouble to find out which 1 of the 2 or more bids was the best for the railroad. And therefore you called him to suggest that he decide the matter on the merits and take the one for the best economic advantage of his railroad. Is that correct?
Mr. CROSS. I assume that that is substantially correct, Senator."

Mr. Cross was questioned by subcommittee members concerning his apparent knowledge of the contract negotiations as demonstrated in his conversation with Mr. Feucht. In response to such inquiries Mr. Cross, although he later qualified these answers, stated:

Mr. CROSS. I did not have any knowledge as to the specific terms of the bids."
Mr. CROSS. I did not know what the other bid or bids were * * *."
The CHAIRMAN. Did you know at that time anything about the Parmelee interest's bid, as to what rate it had proposed in its proposal?
Mr. CROSS. No; I did not.
The CHAIRMAN. Did you know that it had revised its proposal downward?
Mr. CROSS. No; I did not.
The CHAIRMAN. You did not discuss that with Mr. Feucht?
Mr. CROSS. No."

Mr. Cross told the subcommittee that at no time did he have any thought of asserting his influence in favor of Mr. Keeshin and that his possible employment by Mr. Keeshin had not been discussed in connection with this contract.[75]

With reference to Mr. Keeshin's contact with Mr. Cross, Mr. Cross said the following:

The CHAIRMAN. In those conversations did he at any time ask your assistance, or help in any way, in connection with securing this contract?
Mr. CROSS. I think that he inferentially at least, did.
The CHAIRMAN. In what manner, Mr. Cross?
Mr. CROSS. I think that he didn't ask me to go out and talk to people, if you mean that.
The CHAIRMAN. What did he ask you to do?
Mr. CROSS. I think he said to me if I could put in a good word for him, he would appreciate it.
The CHAIRMAN. Did you agree to put a good word in for him?
Mr. CROSS. I don't think that I agreed to that."

Following the testimony hereinbefore described, which took place on November 15, 1955, Mr. Cross resigned his Government office to take effect immediately upon acceptance on November 23, 1955. For this reason it was the decision of the subcommittee that no useful purpose would be served by a further inquiry into this matter.

The subcommittee feels that Mr. Cross made a mistake and acted indiscreetly in his position as Chairman of the Interstate Commerce Commission. It agrees his resignation was quite proper under the circumstances.

Since Senators Karl E. Mundt and George H. Bender did not participate in the Hugh W. Cross matter, they neither concur nor endorse this section of the report.

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[74] Ibid., p. 59.
[75] Ibid., p. 78.
[76] Ibid., p. 63.
[77] Ibid., p. 63.
[78] Ibid., p. 64.
[79] Ibid., p. 68.
[80] Ibid., p. 66.

PLAINTIFF'S EXHIBIT 63 (Continued)

Tariff on Imported Watches

The subcommittee received an allegation that the Treasury Department Bureau of Customs has failed to collect a duty imposed in the Tariff Act of 1940 on jeweled watches containing 17 or fewer jewels. The specific duty is applicable to adjustments performed on these watches prior to their shipment into the United States. It is alleged that prior to the passage of the Tariff Act of 1930, which imposed the duty on adjustments, most foreign watches were shipped into the United States marked "adjusted." Subsequent to the passage of this act most of them have been shipped into this country marked "unadjusted." The allegation is that these watches actually are adjusted but are marked "unadjusted" in order to void the tariff.

It is further alleged that this enforcement failure has three major results:

1. The loss of revenue to the United States Government of at least $238 million since the act was passed.
2. The placing of the United States watch-producing industry at a severe competitive disadvantage as compared to its counterpart abroad, particularly in Switzerland.
3. The loss of skills developed in the production of watches which are applicable and necessary to defense industries.

The subcommittee held hearings in executive session on this subject on June 29 and 30, 1955, and January 10, 1956. Among other witnesses, Under Secretary of the Treasury H. Chapman Rose testified on the last two of these dates. Following his first appearance, Secretary Rose caused an investigating team to conduct inquiries in Switzerland and in the United States concerning this problem. He stated that upon receipt of its report and the completion of a study he is having made here in this country, he will report the Treasury's findings and recommendations on the matter to the subcommittee.

The subcommittee will thereafter issue its report on this subject, based on its investigation.

Staff Study on Redefection

During the year the staff made a study of the redefection campaign in Europe, which is a concentrated effort of Communist countries to induce people who have fled communism to return to their homelands. It became apparent during 1955 that the problem had become a matter of major significance.

Some 300,000 refugees are the target for various redefection media utilized by Communist countries. This number is the residue of some 10 million non-German refugees and displaced persons in Western Europe since the close of World War II, coupled with well over 600,000 people who have since fled from Russia or one of her satellite countries to the West. Health, age, lack of certain skills required by immigration and sometimes criminal and even pro-Communist records have made resettlement for the majority of the 300,000 somewhat hopeless. This problem is a continuing one, as refugees every day flee to the West for asylum.

Throughout the years the United States has participated either solely or with other countries in various programs aimed at finding a solution to the problems of refugees. Its active interest is indicated

PLAINTIFF'S EXHIBIT 63 (Continued)

by the fact it has resettled in the United States some 500,000 persons, which is almost as many as have been resettled in all the other countries of the free world put together. At the present time the United States participates in four groups: Intergovernmental Committee for European Migration which deals primarily with migrants (including refugees) out of overpopulated Europe, the organization under the Refugee Relief Act which deals only with the issuance of visas, the Office of United Nations High Commission for Refugees, which seeks to aid those not qualified for resettlement, and the escapee program which lends assistance to the refugee, both from a welfare standpoint and resettlement. This latter program, which was established March 22, 1952, renders aid to persons who escaped from Russia after January 1, 1945, and to refugees from a satellite nation after January 1, 1948. Because of these restrictions and the fact that for policy reasons refugees from Yugoslavia do not qualify, only 30,000 persons are eligible for escape aid. Through this assistance this group maintains a standard of living somewhat higher than the other refugees. The administrative aspects of this program are handled by the employees of the International Cooperation Administration, but the actual implementation from an operational standpoint is by nongovernmental workers, namely, voluntary agencies.

These agencies, who for many years have endeavored to assist the refugees, have continued to work under this escapee program. They operate on the basis of contracts which, within the limits of the appropriation, permits them to actively assist the refugee in skills, education, orientation, and resettlement problems.

The refugee is housed either in a camp or regular housing, but this does not mean that he enjoys the comforts of life. In Germany, for example, the sum of 35 cents a day is allotted for his livelihood. Since he is not allowed to work, even if able, pending a check by the Government of asylum which takes some several months, he often lives where the slumlike conditions have bred unhappiness and discontent bordering on desperation.

The files of this subcommittee have documentation showing that newspapers, radios, circulars, chain letters, and personal letters to refugees from Iron Curtain countries urging their return have increased within the past year to the point of it becoming a concentrated plan on the part of Communist nations. Some of these satellite countries have declared an amnesty to refugees, but this is only one of the facets for the success of the redefection program. Length of residence in camps, the low subsistence of living, inability to work, hopelessness for the future, and fear are all factors that must be considered in the redefection campaign.

The number of persons who have actually redefected is unknown. The only known figure is that of the escapee program, which shows some 2,700 persons have disappeared. The redefection campaign has had an unsettling effect, and the free world is in danger of losing a propaganda advantage which it has thus far maintained.

East-West Trade

The subcommittee has continued during 1955 its close watch on the trade between our allies and the Communist world. The most recent statistics on the dollar value of free-world trade with Com-

PLAINTIFF'S EXHIBIT 63 (Continued)

munist China made available by the Commerce Department disclose for the first 6 months of 1955 the value of this trade to Red China to be 394.1 (millions of dollars). For the same period of 1954 the figure was 310.6 (millions of dollars). This is an increase of $83.5 million in this 6-month period.

In addition, the latest trade figures furnished the subcommittee by the Defense Department disclose that the number of Western-flag vessels moving in and out of Chinese Communist ports continues to increase at an alarming rate.

These figures show that for the first 8 months of 1955 vessels flying the flags of non-Communist countries and totaling 7,136,202 gross tons, made 1,187 trips in and out of Red Chinese ports. For the same period in 1954 these vessels had a total gross tonnage of 5,650,091 and made 935 trips in and out of Red Chinese ports. This is an increase in 1955 of approximately 1,400,000 gross tons and 252 trips. On the basis of these statistics our allies shipping to China in 1955 will surpass the former peak year of 1954.

A closer look at these statistics graphically portrays the tremendous contribution British-flag vessels are making in the carriage of goods to the Red China mainland. Approximately 53 percent of the vessels involved in this trade during this 8-month period were under British registry and flying the British flag.

An analysis of the voyages of these vessels shows a substantial number carried cargoes from European Communist countries to Communist Chinese ports. This is a practice that was prevalent during the Korean war, and it is obvious that our allies are continuing to render this major economic assistance to the Communist world.

The subcommittee once again wishes to draw attention to the valuable contribution made by Communist-controlled shipping companies operating out of the British Crown colony of Hong Kong to Red China's economy. A majority of the vessels operated by these Communist companies fly the British flag and, therefore, are accorded the protection of the British Fleet.

One of these companies, the Far East Enterprising Co., Ltd., of Hong Kong, was singled out in 1953 for its activities during the Korean war in chartering Western-flag vessels to carry goods to the China mainland. Nothing was done by the British at that time. The subcommittee on March 13, 1955, made public the fact that the Finnish tanker *Aruba*, which was carrying jet fuel to the Red China mainland, had been chartered for this trip by the Far East Enterprising Co. and that this company, although operated out of Hong Kong, was actually owned and controlled by the Chinese Communists.[51]

The subcommittee also made public the fact that the Swedish-flag vessel *Sunnanbris* carried strategic materials to the Chinese mainland, even though the ship's manifest listed its cargo as "lawful merchandise."

The subcommittee feels that our allies, particularly the British, are making major contributions to the Chinese war economy. As pointed out in another part of this report, at least 11 Americans remain imprisoned in China while our allies' trade with China increases. The

[51] The *Aruba* never did arrive in Red China, as it turned back about March 22, 1955.

PLAINTIFF'S EXHIBIT 63 (Continued)

role of our allies on this matter during the Korean war and during this unhappy postwar period is a matter of deep distress to the members of the subcommittee.

Purchase of Locomotives by the Spanish Government

By a telegram dated March 8, 1955, the Baldwin-Lima-Hamilton Corp., Eddystone, Pa., complained to this subcommittee that an award for the purchase of diesel locomotives by the Spanish Government had been made to the American Locomotive Co., despite the fact that Baldwin-Lima-Hamilton was a lower bidder by about one-quarter of a million dollars, and that these locomotives were being purchased by the Spanish Government with funds allotted by the Foreign Operations Administration.

The Spanish Government in 1954 sent out invitations to bid for 14 diesel locomotives for the use of the Spanish National Railroad System, the locomotives to be purchased with funds made available by Foreign Operations Administration. After an examination of the bids the Spanish Government made the award to Alco (American Locomotive Co.) for $3,035,970 or $216,855 per locomotive. Alco had provided a working model of its locomotive which the Spanish had tested for several months and found to be very satisfactory. The Baldwin-Lima-Hamilton Corp.'s bid was $199,800 per locomotive, the total bid being $238,770 less than Alco's.

The investigation reflects that the Spanish Government was legally within its rights in selecting the Alco bid. Despite the difference in price the Spanish Government found that the Alco locomotive was best suited to Spain's needs, was cheaper to operate and maintain, and the earlier delivery date promised by Alco made for economies which more than offset the difference in price. Furthermore, no additional cost to the United States Government is involved. Since Spain is allotted a fixed amount of money for the year, the amount spent for locomotives only decreases the amount available for other expenditures.

American Prisoners in Iron Curtain Countries

The subcommittee has continued its study of American personnel, both civilian and military, who are being held prisoners in Communist-controlled countries. Extensive staff interviews have been conducted with prisoners who had been released by Communist China. In its appraisal of the situation the subcommittee held two executive sessions with representatives of the Departments of State, Defense, Navy, and the Air Force. At the first, on April 18, 1955, there was discussion regarding the efforts being made by the executive agencies and by the Secretary General of the U. N. Any further action by the subcommittee was deferred pending the outcome of negotiations being conducted by the Secretary General with Communist China.

On June 29, 1955, another subcommittee conference was held with representatives of the State Department and military services at which the release from China of the four airmen and several civilians since the April 18 session was discussed. In view of the conferences being held in Geneva by the American and Chinese consuls and the meeting of the Big Four powers at the summit in Geneva, it was felt

PLAINTIFF'S EXHIBIT 63 (Continued)

that open hearings by the subcommittee would not be propritious and apparently would not assist or contribute in the release of the American prisoners. Since that date 11 military and 29 civilians have been released from Communist China.

The subcommittee continues its active interest in this matter and with the rest of the world awaits China's release of at least 13 additional Americans as well as the other foreign nationals from imprisonment.

Matters Referred to the Department of Justice

During the course of various public hearings several matters developed which were referred to the Justice Department for possible prosecution.

In the case of Irving Peress the testimony of Brig. Gen. Ralph W. Zwicker, former commanding officer at Camp Kilmer, N. J., was in conflict with that of C. George Anastos and Mary Morrill, former subcommittee staff members. On April 12, 1954, all testimony and documents in connection therewith were forwarded to the Department of Justice for study as to whether there appeared to be a violation of the perjury statute. On November 23, 1955, the Department advised that a thorough investigation had been conducted and the results were being studied in the Criminal Division. The letter stated the subcommittee would be informed of the determination made.

On May 26, 1955, a transcript of the public hearings on the investigation involving the FOA grain-storage project in Pakistan was referred to the Department of Justice. An opinion was requested for possible prosecution of Robert H. Pinner, an FOA consulting engineer, and various individuals of the Agricultural Construction Co. On October 10, 1955, Justice advised that since there was a possible violation of perjury statutes by Robert H. Pinner, the matter was being forwarded to the United States attorney for the District of Columbia for his consideration as to criminal prosecution.

All of the hearings, executive and public, in the textile procurement in the military services, which includes testimony of Harry Lev, Marvin Rubin, Mrs. Mella Hort, David Pollack, Julius Goldman, Joseph G. Porreca, Capt. Raymond Wool, Jerome Schlesinger, and Ferdinand Tartaglia, were furnished to the Department of Justice for various violations of law. The Department is studying such testimony with a view to violations of the bribery and perjury statutes.

The testimony of one witness who appeared in executive session in connection with Communist infiltration in defense plants was referred to the Department of Justice on May 2, 1955, for an opinion as to violation of the perjury statute.

Diantha Hoag, a former employee of the Westinghouse Electric Corp., was cited for contempt by the Senate on February 4, 1955. She was thereafter indicted by a grand jury in the District of Columbia on June 21, 1955, and her trial is pending. In her testimony before this subcommittee she had initially denied she was, had been, or would engage in espionage and sabotage. Later, in response to questions relating to possible espionage, she invoked the first and fifth amendments.

PLAINTIFF'S EXHIBIT 63 (Continued)

CURRENT WORK

A number of investigations are being made by the staff at the present time. These, of course, do not include the numerous preliminary inquiries.

COMMUNIST INFILTRATION OF SCHOOLS OBTAINING BENEFITS UNDER VETERANS' EDUCATIONAL AND REHABILITATION PROGRAM

The subcommittee has been in receipt of allegations that certain schools owned or operated by members of the Communist Party have been approved to train veterans of World War II and the Korean war under various laws providing educational and rehabilitation benefits. It has been reported further that veterans have been and are presently attending such schools, their tuition being paid by the Veterans' Administration.

The staff is presently engaged in a detailed inquiry to determine whether schools actually owned or controlled by Communists have in fact been so approved, whether the Veterans' Administration is expending funds for the tuition of veterans attending these schools, and if so, the reasons therefor.

EAST-WEST TRADE

In 1954 extensive changes were made in the export controls on the sale and delivery of strategic materials from the free nations of the world to the Soviet-dominated areas.

The changes in United States security export controls were coordinated and ran concurrently with a similar review of international East-West export controls. This downgrading of strategic items has been highly classified and cloaked with secrecy, particularly as to the aspects relating to international controls. However, it has been reported that controls over certain highly strategic items have been unduly relaxed and that the officials authorizing decontrol have disregarded technical and intelligence reports strongly opposing such decontrol.

The subcommittee also received reports of illicit traffic in strategic materials, particularly copper, and of constant efforts being made by Soviet purchasing agencies to obtain such products. The subcommittee is continuing its study of these problems in preparation for possible hearings this coming year.

GSA PURCHASES OF MEXICAN MANGANESE

Information was furnished the subcommittee that an American-owned mine in Chihuahua, Mexico, was under contract to furnish manganese to the Emergency Procurement Service of General Services Administration and was operating on money loaned by the Export-Import Bank. Through an error there was an overpayment to the mining company, and when the mine was unable to refund the overpayment, EPS then canceled the contract.

An investigation is being made to determine if both the Export-Import Bank and the EPS acted in the best interests of the United States Government and whether there was any wrongdoing on the part of the mining company involved.

PLAINTIFF'S EXHIBIT 63 (Continued)

ARMED FORCES PROCUREMENT

The investigation of procurement of textile and apparel equipment for the armed services has led to information regarding improper practices in other types of procurement. The subcommittee is presently conducting inquiry into irregularities in this field.

The members of the Committee on Government Operations, except those who are members of the Senate Permanent Subcommittee on Investigations, did not sit in on the hearings and executive sessions on which the above report was prepared. Under these circumstances, they have taken no part in the preparation and submission of the report, except to authorize its filing as a report made by the subcommittee.

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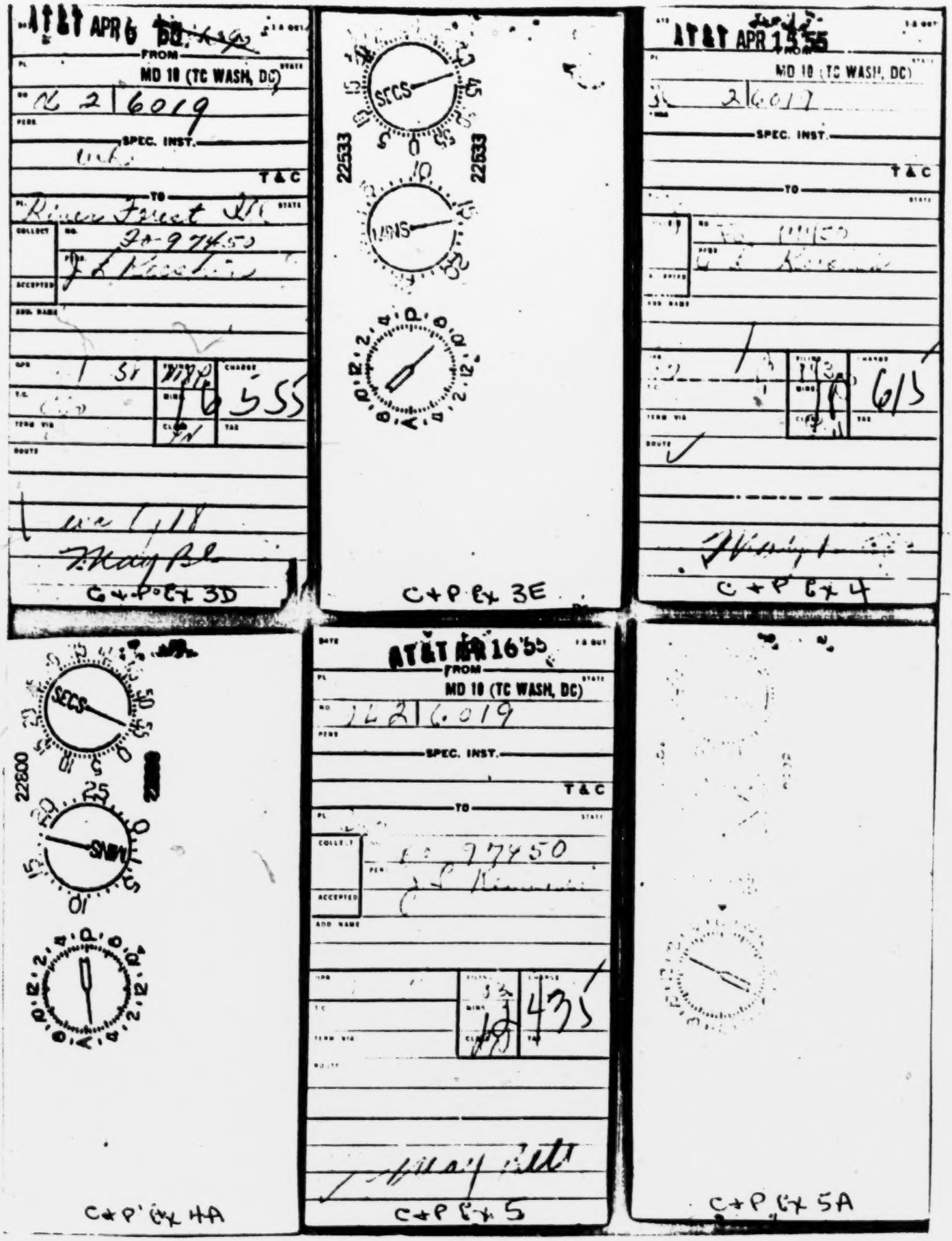
PLAINTIFF'S EXHIBIT 64



PLAINTIFF'S EXHIBIT 64 (Continued)

PLAINTIFF'S EXHIBIT 64 (Continued)

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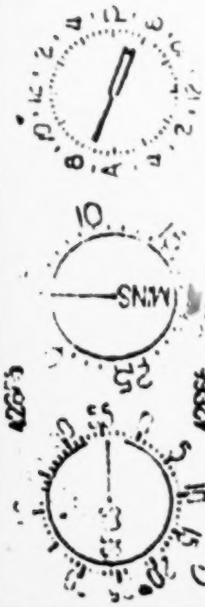

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PLAINTIFF'S EXHIBIT 64 (Continued)

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C+P Ct 17

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AT&T MAY 15 55
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MD 18 (TC WASH, DC)
L 2 6019
SPEC. INST.
T&C
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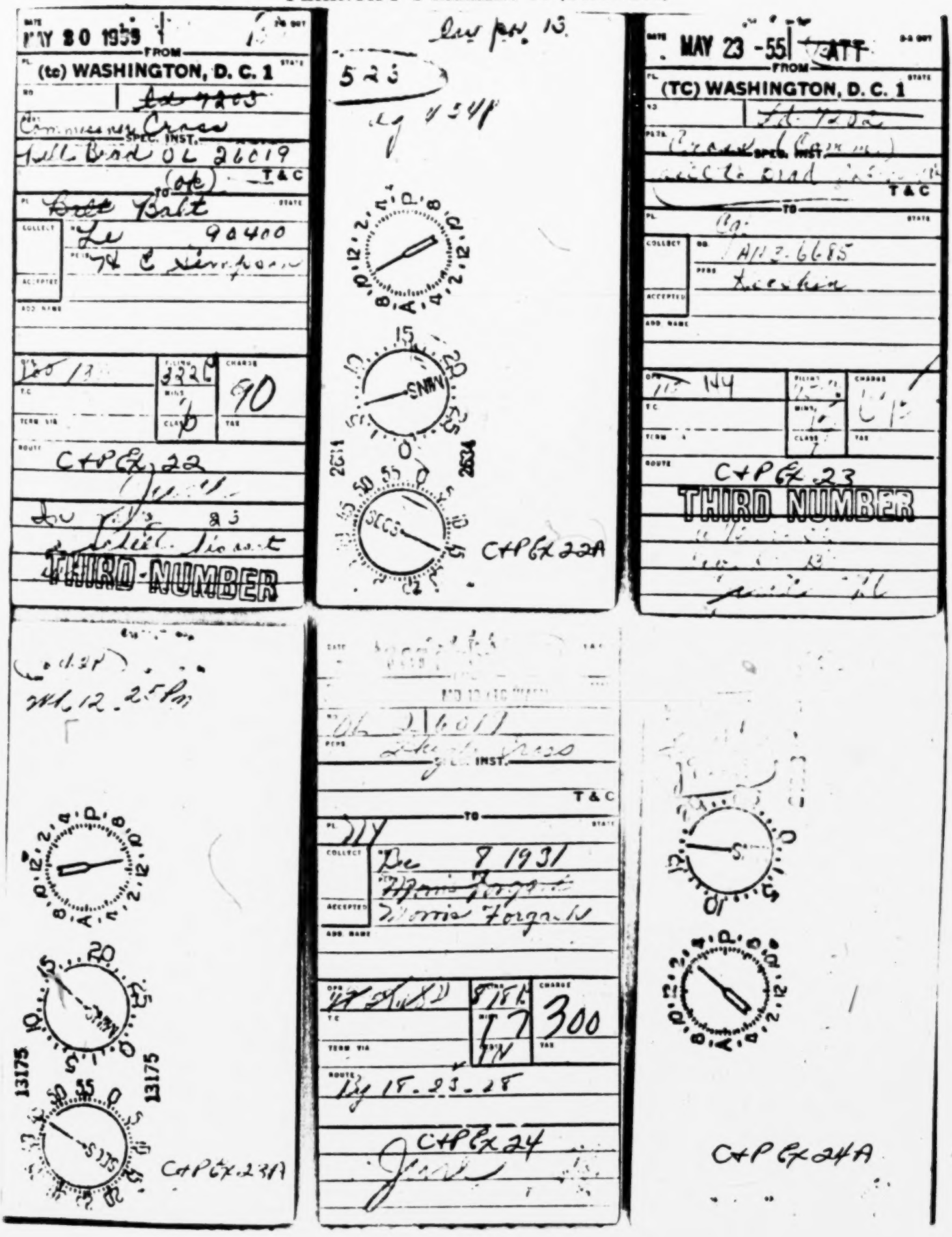
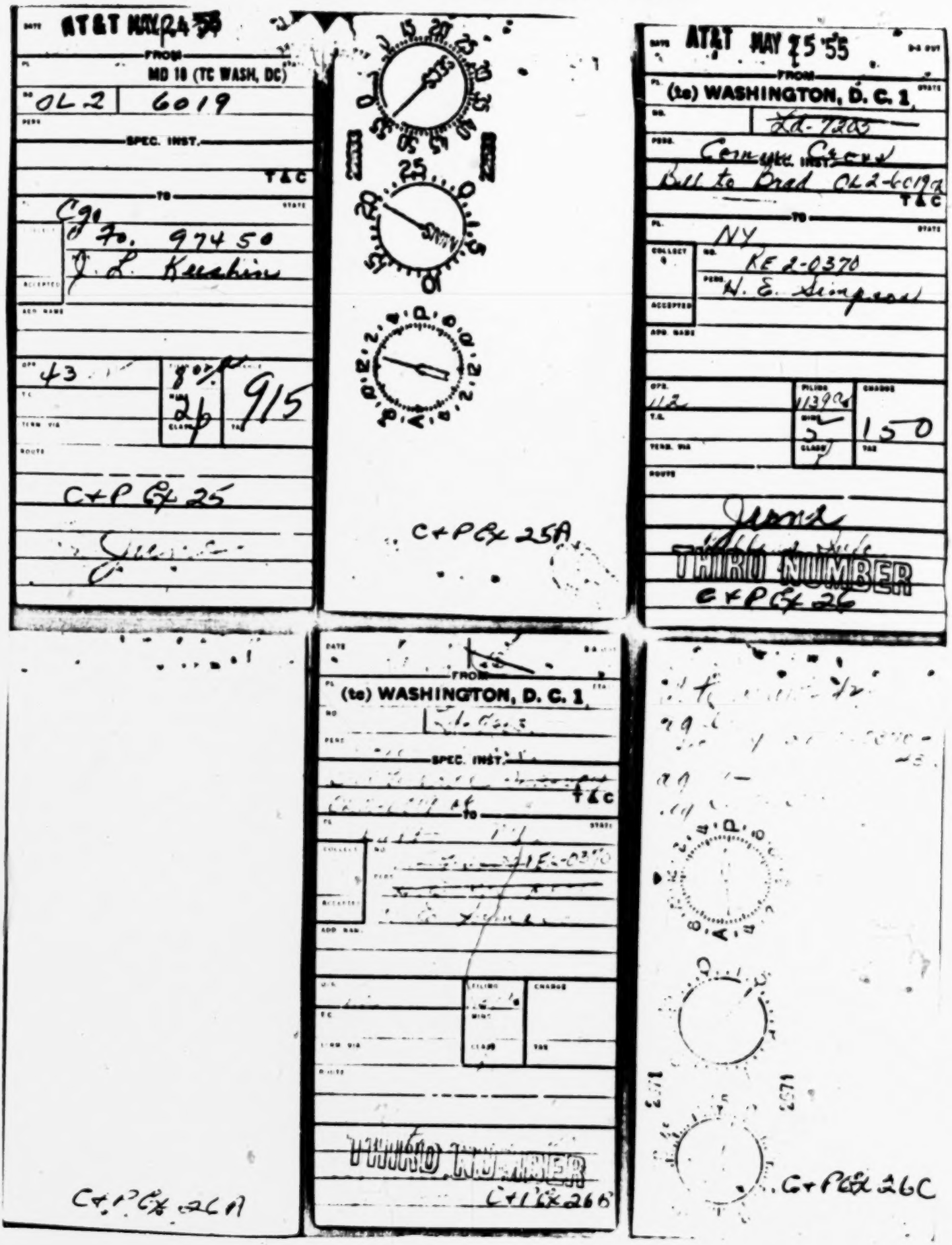
PLAINTIFF'S EXHIBIT 64 (Continued)



PLAINTIFF'S EXHIBIT 64 (Continued)



PLAINTIFF'S EXHIBIT 64 (Continued)

THE WESTERN UNION TELEGRAPH CO.

MAY 25
TELEG. OFFC. & DATE OF MESSAGE

OLI 2-6019

CHGO

CROSS

2 MSGS 190

C+P Ex 27

In above enter following, using double space between items:
CENTRAL OFFICE—TELEPHONE NUMBER
DESTINATION—(ORIGIN if collect msg.)
SIGNATURE OF SENDER
CHARGE (Excluding Tax)

WASHINGTON D C JUN 11 1955

THE WESTERN UNION TELEGRAPH CO.

MAY 25
TELEG. OFFC. & DATE OF MESSAGE

OLI 2-6019

CHGO

CROSS

95

C+P Ex 28

In above enter following, using double space between items:
CENTRAL OFFICE—TELEPHONE NUMBER
DESTINATION—(ORIGIN if collect msg.)
SIGNATURE OF SENDER
CHARGE (Excluding Tax)

WASHINGTON D C JUN 11 1955

JUN 8 -55 AM

FROM
(tc) WASHINGTON, D. C. 1

TO

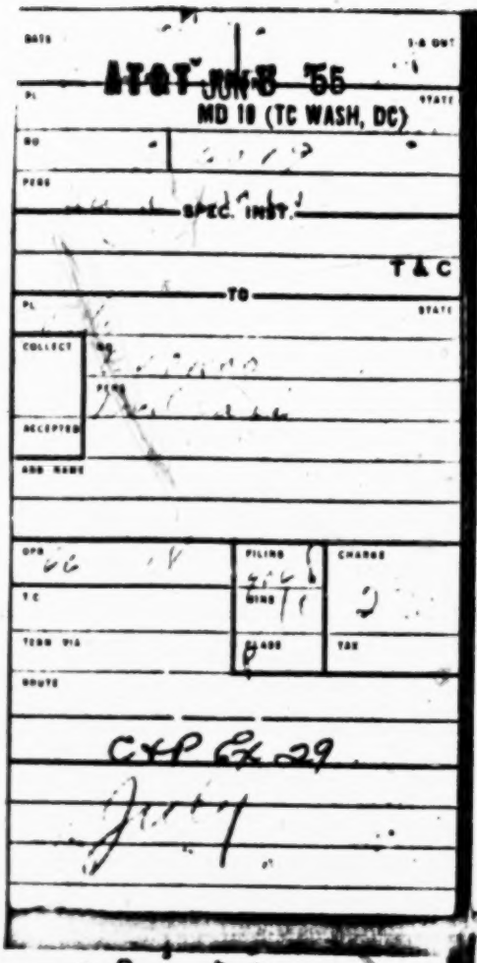
THIRD NUMBER

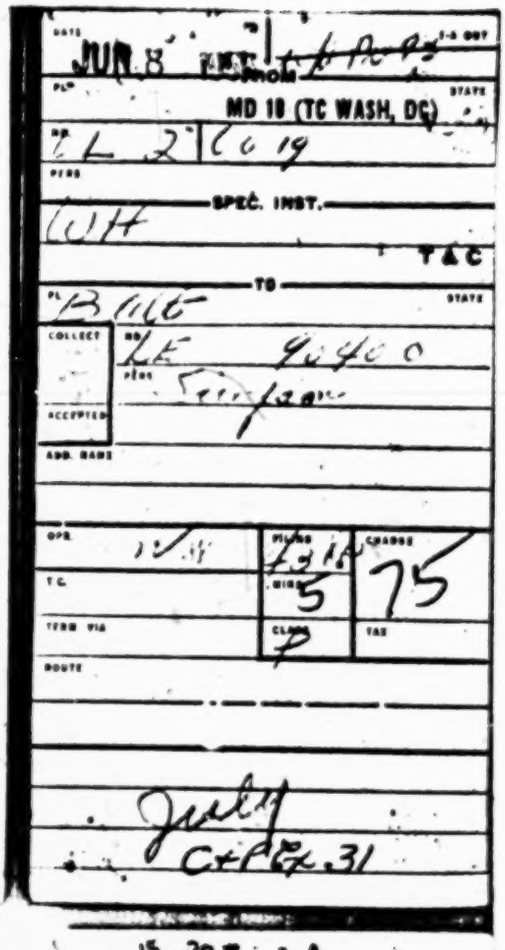
C+P Ex 30

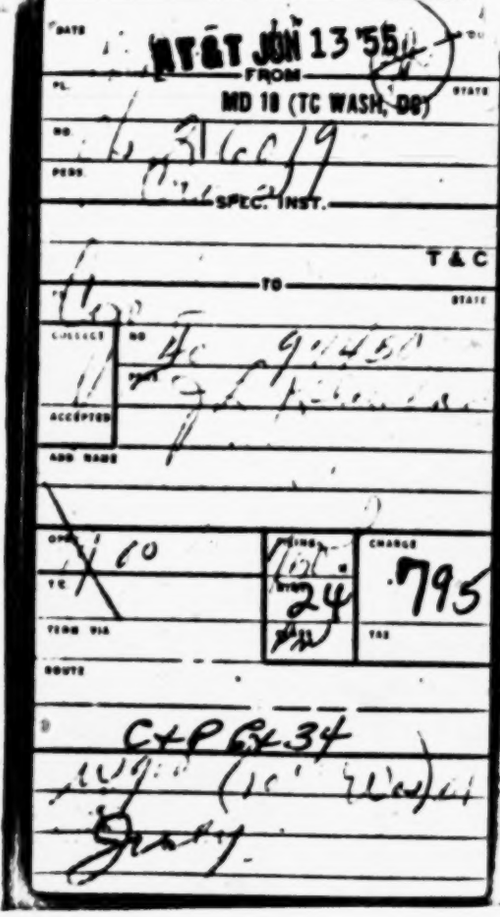
11-1-51

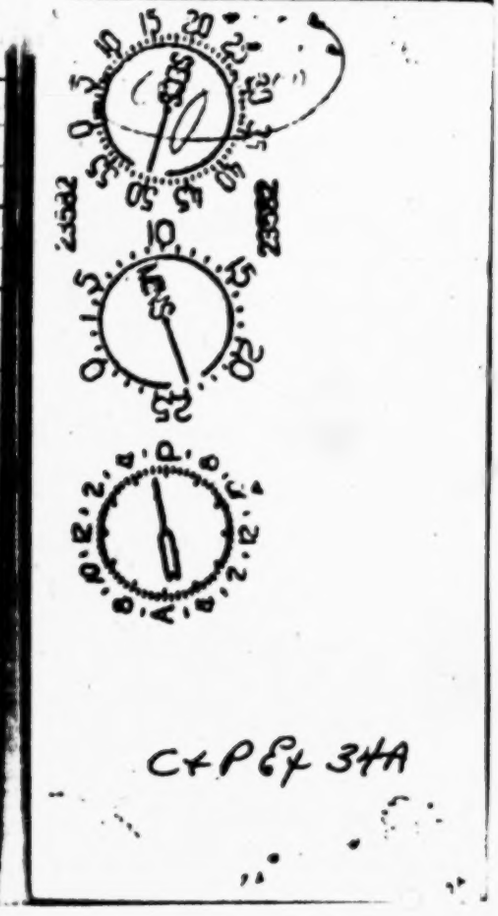
C+P Ex. 30A

PLAINTIFF'S EXHIBIT 64 (Continued)

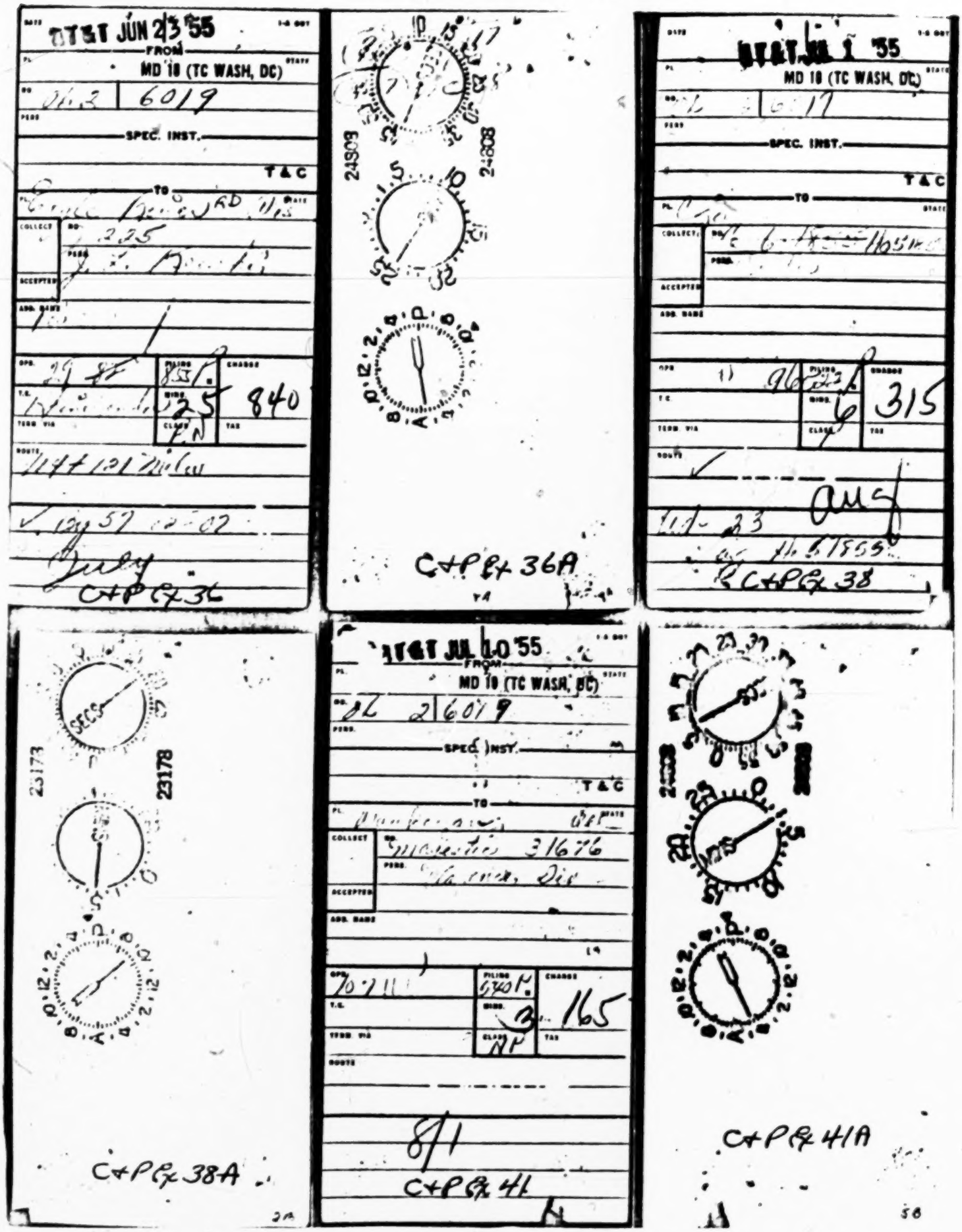




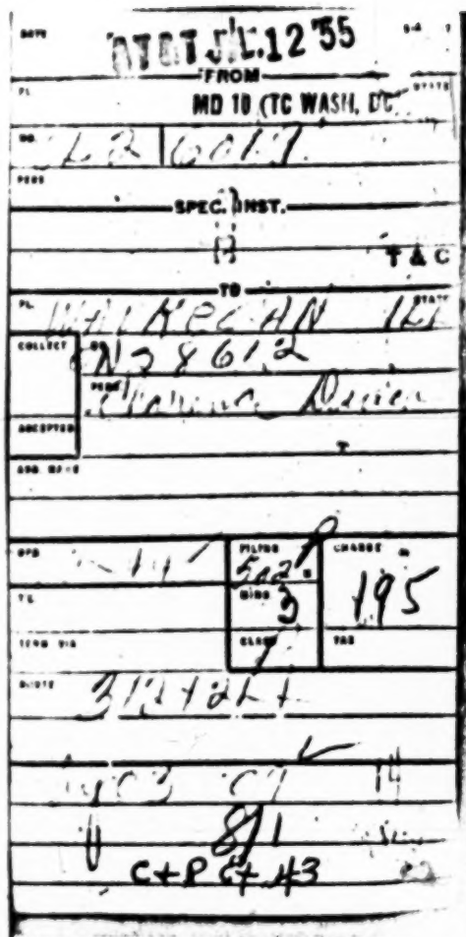


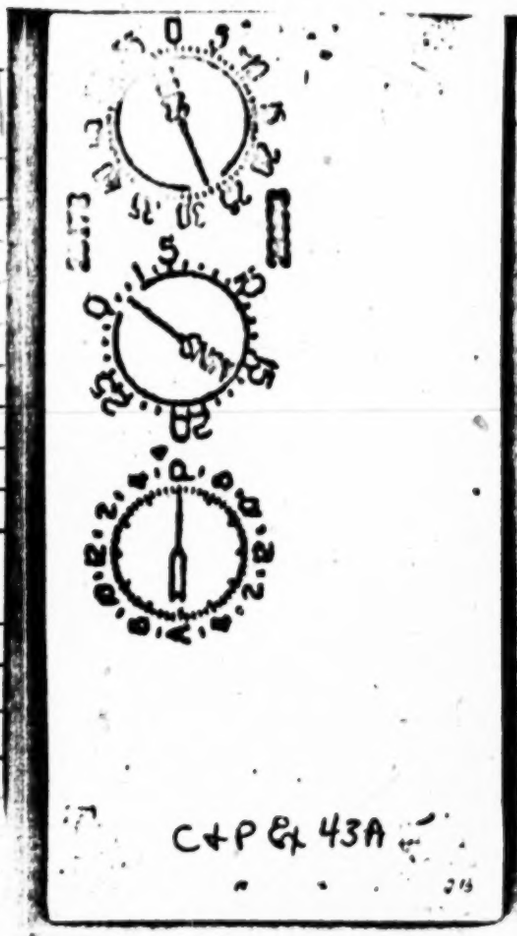


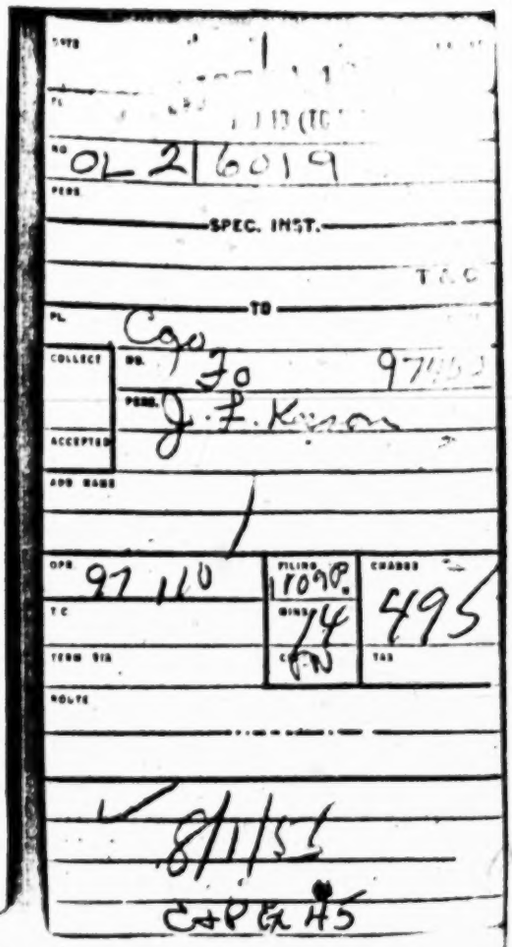
PLAINTIFF'S EXHIBIT 64 (Continued)

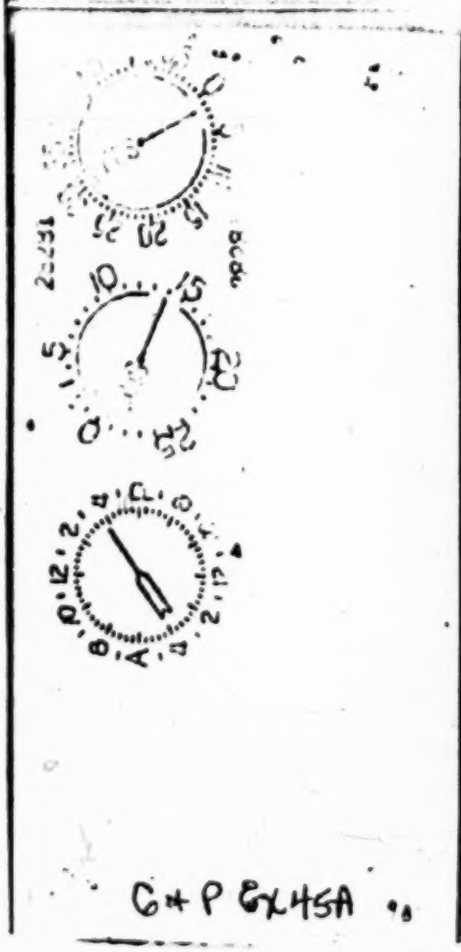


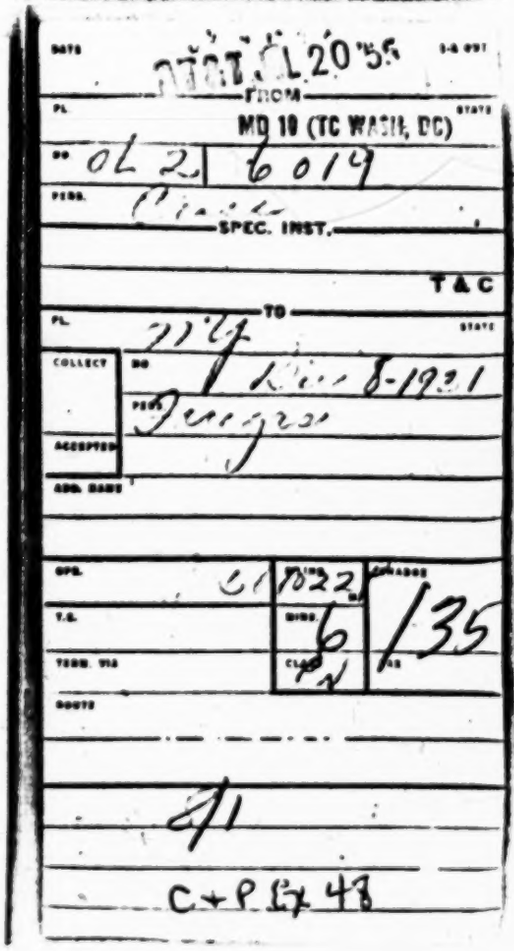
PLAINTIFF'S EXHIBIT 64 (Continued)

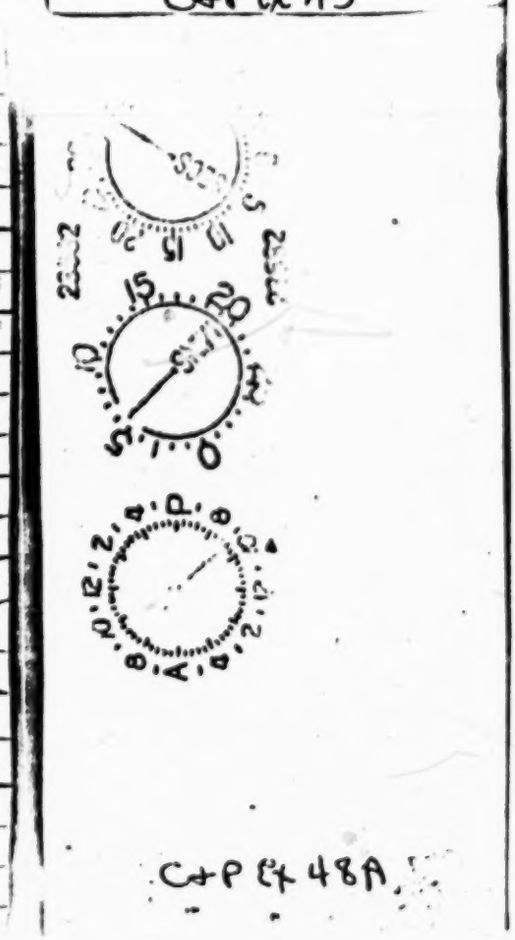




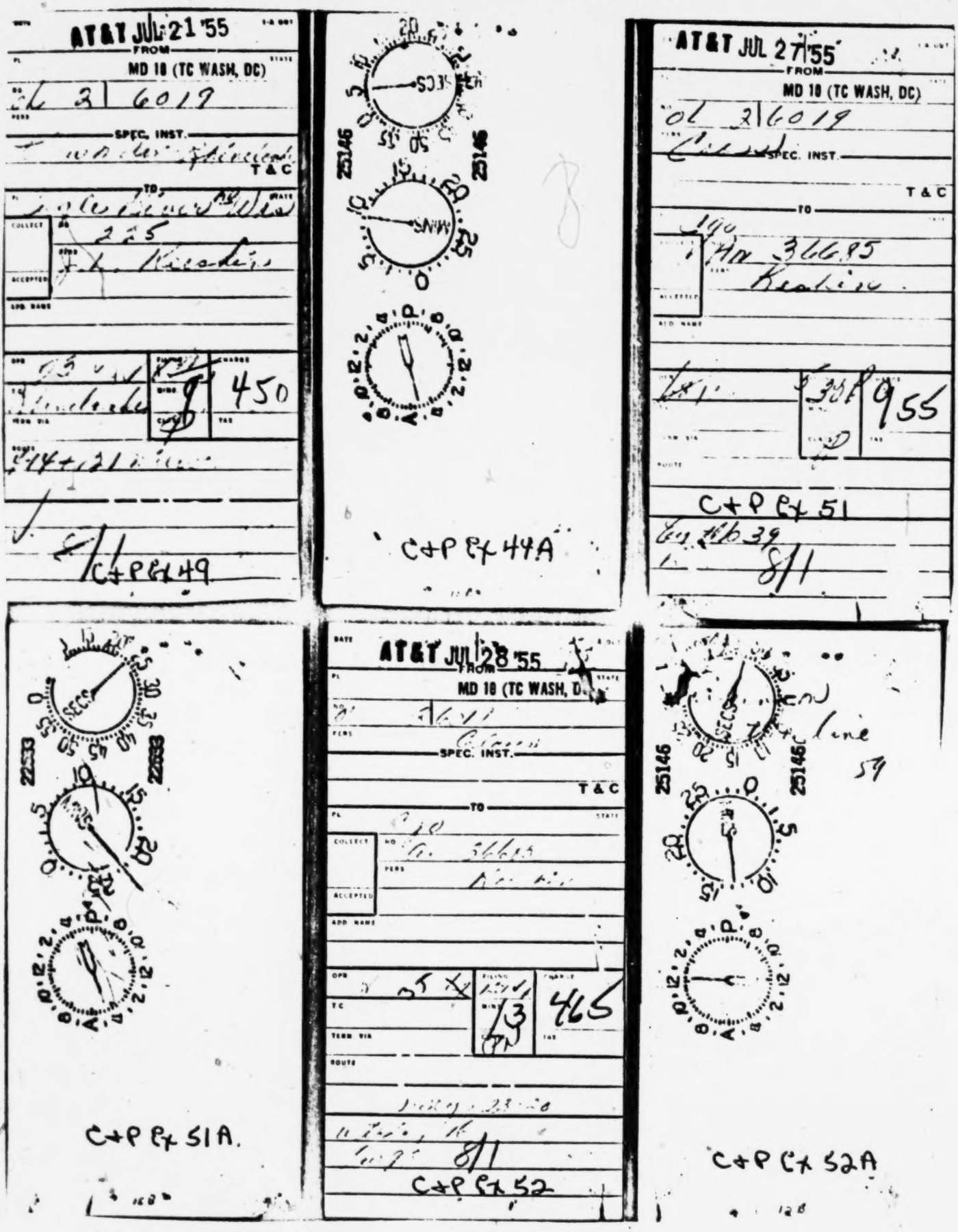




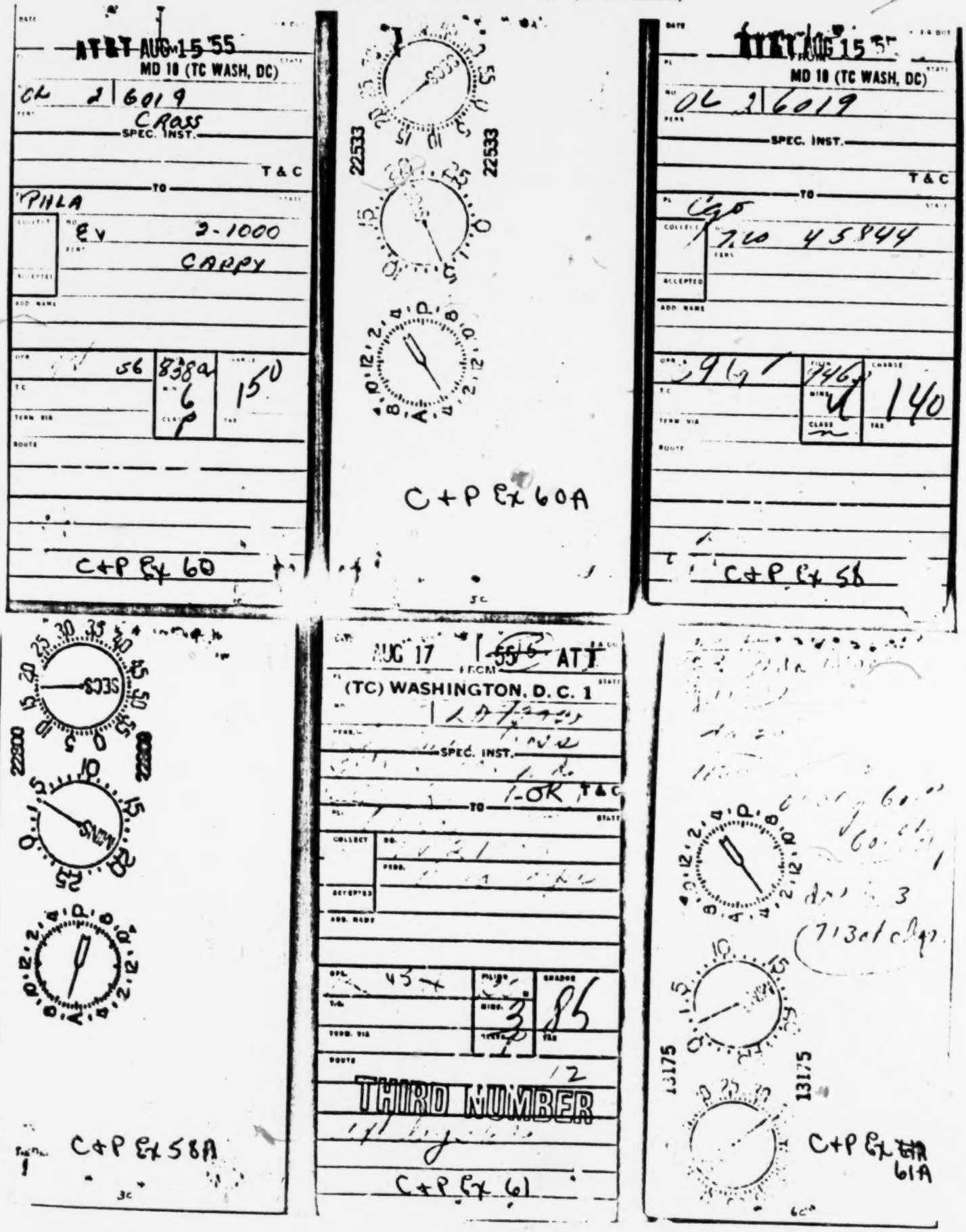




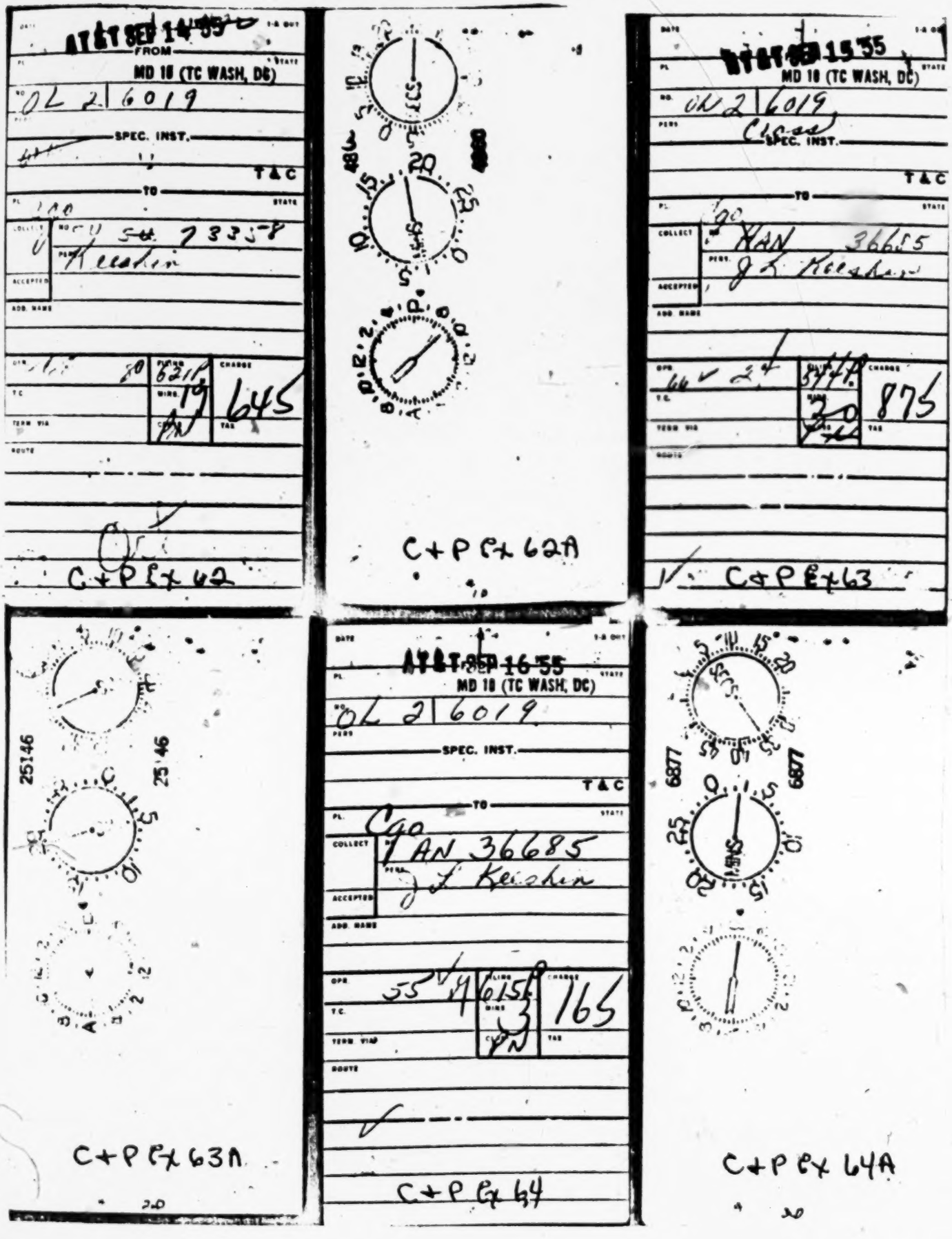
PLAINTIFF'S EXHIBIT 64 (Continued)



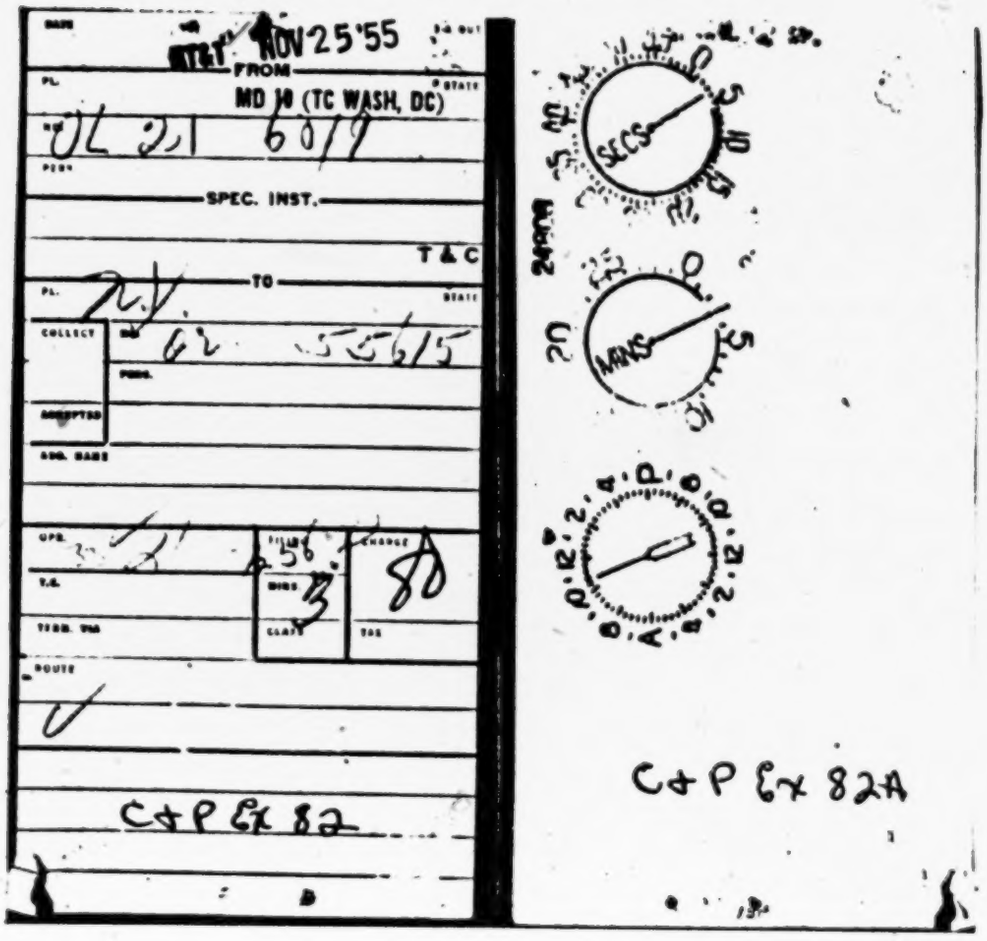
PLAINTIFF'S EXHIBIT 64 (Continued)



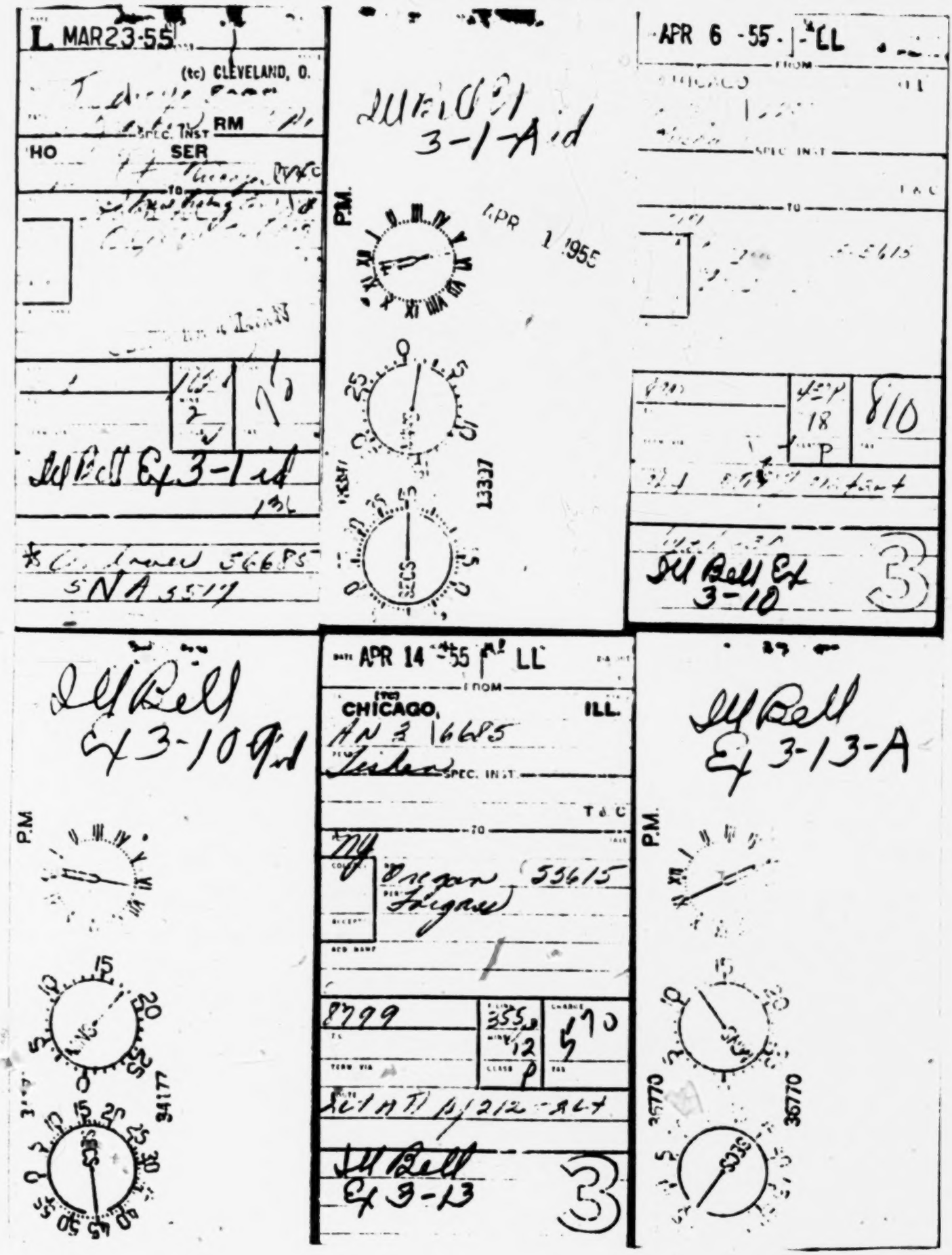
PLAINTIFF'S EXHIBIT 64 (Continued)



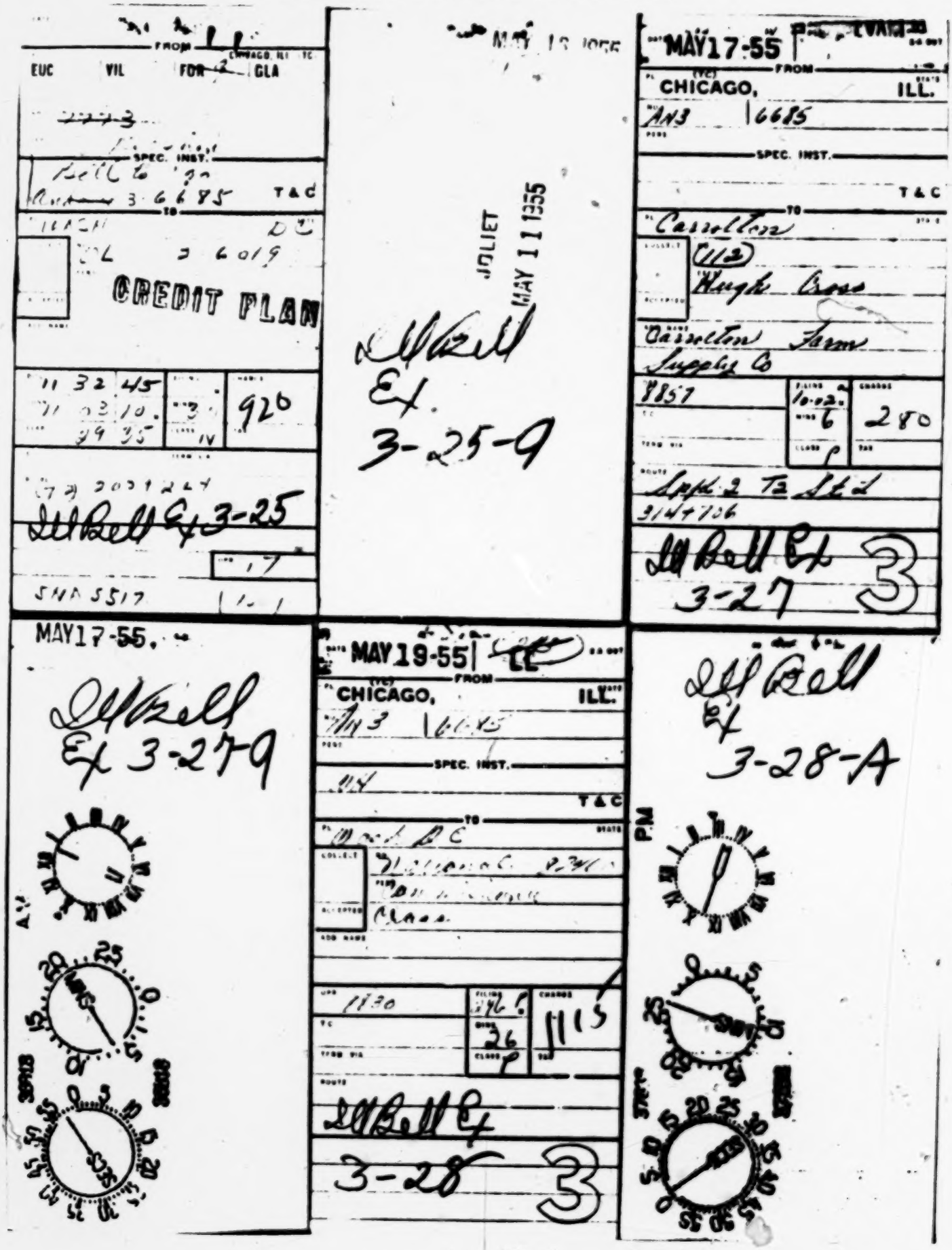
PLAINTIFF'S EXHIBIT 64 (Continued)



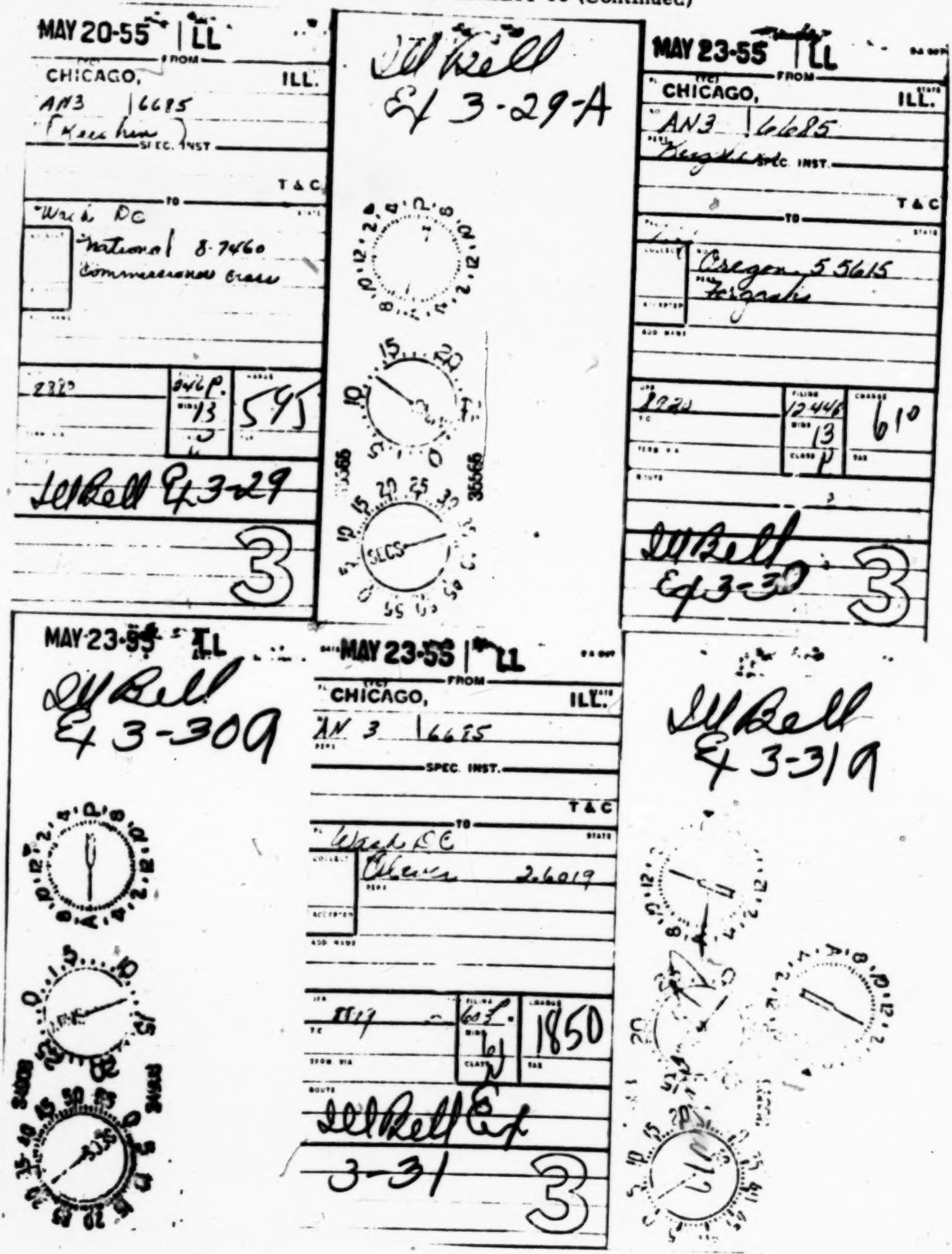
PLAINTIFF'S EXHIBIT 65



PLAINTIFF'S EXHIBIT 65 (Continued)



PLAINTIFF'S EXHIBIT 65 (Continued)



PLAINTIFF'S EXHIBIT 65 (Continued)

MAY 24 55 LL

ILL.

LL Bell Ex 3-329

LL Bell Ex 3-329

JUN 3 55 LL

FROM

CHICAGO ILL

AN 3 16685

SEC INST

TO

5-5615

8913

LL Bell Ex 3-36

LL Bell Ex 3-36-9

P.M.

9 00

36 23 50

JUN 8 55 LL

LL Bell Ex 3-37

LL Bell Ex 3-37-9

PLAINTIFF'S EXHIBIT 65 (Continued)

JUN 13 55 LL

Ill Bell
Ex 3-38-A

JUL 21 1955 A. T. & T.

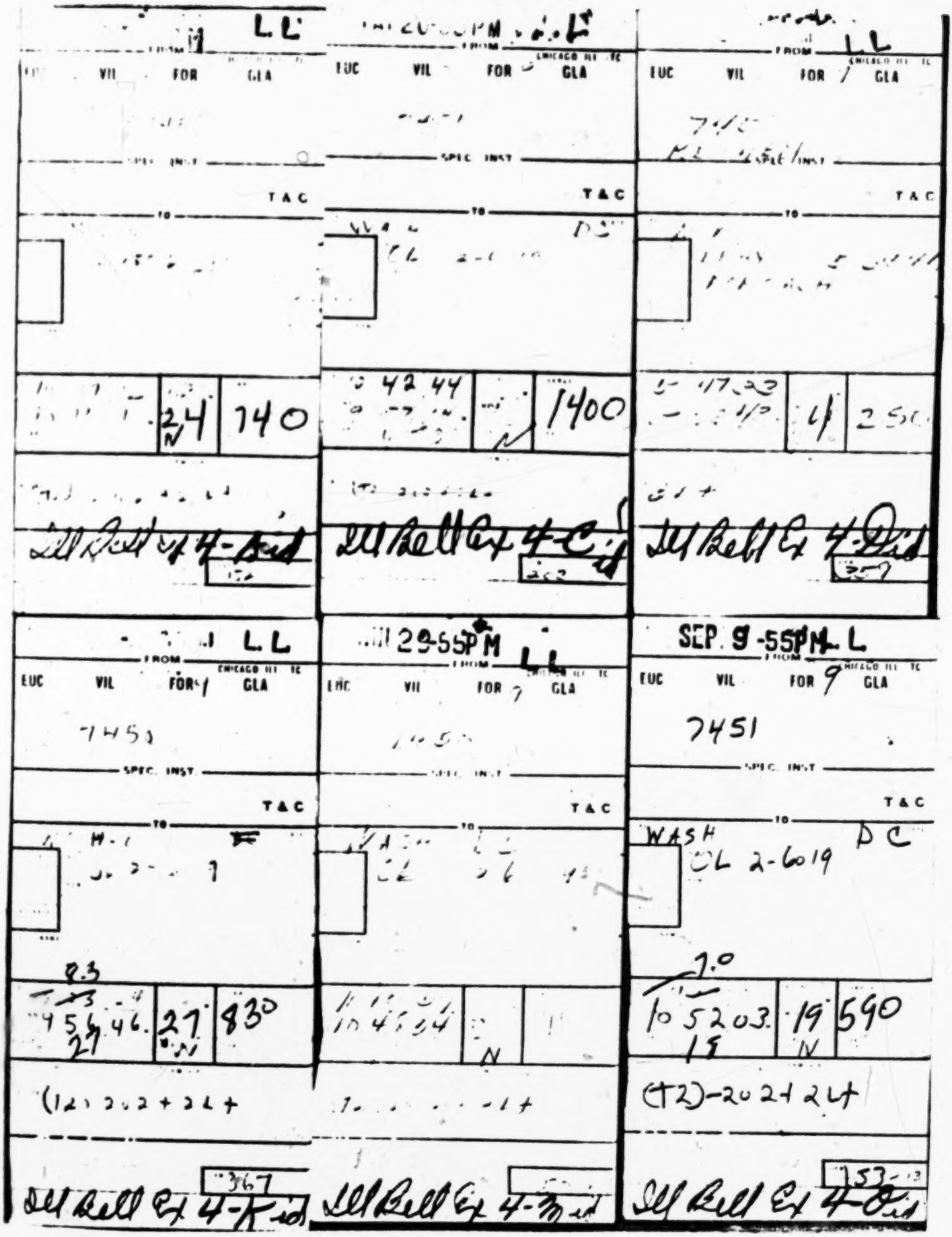
720

Ill Bell Ex 3-38

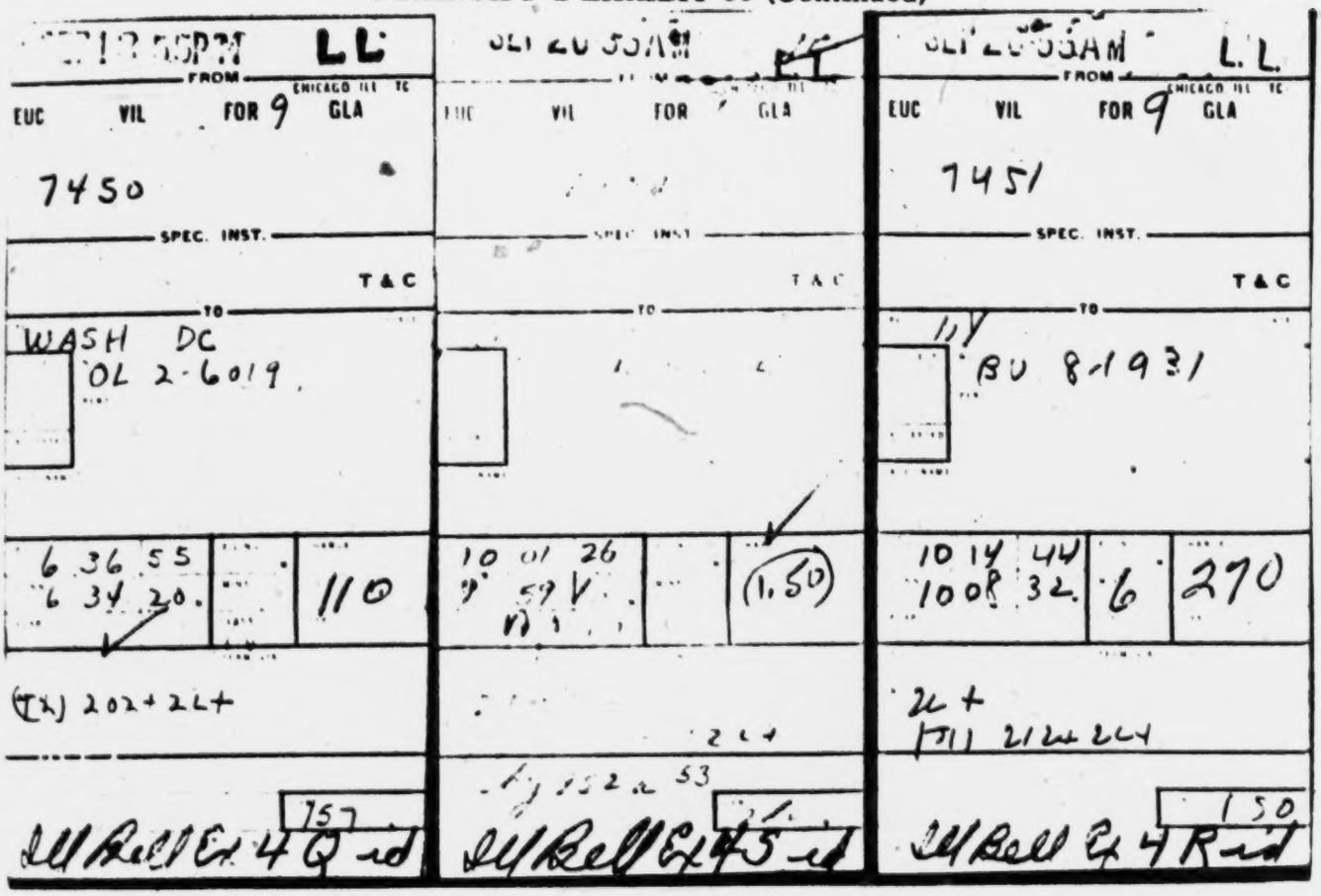
Ill Bell
Ex
3-559

AUG 3 1955

PLAINTIFF'S EXHIBIT 66



PLAINTIFF'S EXHIBIT 66 (Continued)



[illegible] LL	[illegible] L.L.	[illegible] L.L.
FROM CHICAGO ILL TC	FROM	FROM CHICAGO ILL TC
EUC VIL FOR 9 GLA	EUC VIL FOR GLA	EUC VIL FOR 9 GLA
7450		7451
SPEC. INST. T&C	SPEC. INST. T&C	SPEC. INST. T&C
TO WASH DC OL 2-6019	TO	TO BU 8-1931
6 36 55 / 6 34 20	10 01 26 / 9 59 V	10 14 44 / 10 08 32
110	(1.50)	6 270
(TX) 202+2L+	2L+	2L+ TX 212+2L+
157	150	150
All Rel Eq 4Q-id	All Rel Eq 4S-id	All Rel Eq 4R-id

PLAINTIFF'S EXHIBIT 67

TOTAL CARRIED TO BILL

NEW YORK TELEPHONE COMPANY
TOLL CALLS AND TELEGRAMS

FORWASH ET 2 10
3/15/57 MT

ORE 5 5600

APR			
5	FROM BIRMINGHAM	2	95
	FROM "	1	60
	HAVANA	19	70
	FROM SYRACUSE	1	35
	CY TO DETROIT		60
	FROM WASH	1	10
	FROM "	1	10
	FROM "	1	30
	FROM WILKES-BARRE	1	05
	FROM "		60
	FROM CLEVELD	3	10
	FROM NWK		10
7	CHICAGO	3	70
	CHICAGO	3	50
	CHICAGO	9	70
	CHICAGO	"	10
	HARTFD	1	25
	BRIDGEPT	1	20
	WILKES-BARRE		90
	INDIANAPOLIS	3	80
	CARROLLTN	3	15
	WORCESTER	1	10
	BRIDGEPT	1	10
	SPRINGFLD	2	05

10% U.S. TAX

TOTAL CARRIED TO BILL

NEW YORK TELEPHONE COMPANY
TOLL CALLS AND TELEGRAMS

ORE 5 5600

MAY			
17	OLD SWICH		35
	BLOOMFLD		15
	LOS ANGLES	2	50
	LOS ANGLES	2	50
	PHOENIX	7	50
	ROCHESTER	1	00
	SYRACUSE		85
	PRINCETN		80
	PRINCETN		60
	PHILA		70
	PHILA		70
	WASH	1	10
	WASH	2	60
	WASH	1	10
	WORCESTER	1	20
	CHICAGO	18	90
	CHICAGO	1	90
	BALTO	2	45
	HARTFD		60
	CARRILTON	2	25
	BOSTON	2	05
	NWK		20
—	FROM BUFFALO	1	05

10% U.S. TAX

NEW YORK TELEPHONE COMPANY
TOLL CALLS AND TELEGRAMS

ORE 5 5600

FORWASH ET 5 10
3/15/57 MT

	TOLL CREDIT PLAN		
MAR			
29	DOWNGTN TO NY	1	05
APR			
1	HENDERSON TO NY	1	10
MAY			
11	PHILA TO MOBILE	6	00
25	ARLINGTN TO SUMMIT		75
26	NY TO NORFOLK	4	25
	J CY TO NORFOLK	3	00
	NY TO CHICAGO	8	10
27	NY TO HOUSTON	2	85
	NY TO "	5	60
	NY TO "	6	70
28	NY TO WASH	1	50
29	NY TO CHICAGO	13	50
30	NY TO EAGLE RIV	7	20
31	NY TO WASH	1	10
JUN			
1	CHICAGO TO NY	1	80
2	NY TO WASH	5	10
	NY TO DENVER	3	55
	WASHTO NY	1	70
	ARLINGTN TO DENVER	4	50
4	NY TO CHICAGO	22	50
5	NY TO JERSEYVL	1	20

10% U.S. TAX

NEW YORK TELEPHONE COMPANY
TOLL CALLS AND TELEGRAMS

ORE 5 5600

FORWASH ET 3 10
3/15/57 MT

JUN			
8	FROM BRIDGEPT	1	00
	FROM WASH	1	90
	FROM "	1	60
	FROM "	2	60
	FROM "	1	10
	FROM "	2	10
	RUTHERFD		30
	"		15
	J CY		15
	"		20
	B SHR	1	80
	RUTHERFD		15
	"		15
	WOODBDG		50
	WASH	1	10
	"	1	10
	"	1	10
	"	1	30
	CARROLLTON	3	15
	HARTFD		60
	CINCINNATI	1	35
	CLEVELD	1	15
	SPRINGFLD	1	35
	PHOENIX	3	90
	CLEVELD	3	85
	DETROIT	2	10

10% U.S. TAX

PLAINTIFF'S EXHIBIT 67 (Continued)

NEW YORK TELEPHONE COMPANY
TOLL CALLS AND TELEGRAMS

ORE 5 5600

JUN			
13	ST LOUIS	5	40
	TOLEDO	1	80
	ATLANTA	4	50
	CINCINNATI	2	25
	FRAMINGHAM	1	05
	BEDFD	1	85
	BALTO	1	10
	BUFFALO	1	05
	DETROIT	1	75
	MILLVL		85
	CHICAGO	2	70
	CARROLLTON	3	60
	CHICAGO	2	30
	"	1	90
	"	2	70
	"	2	90
	NWK		25
	EATONTN		55
	NWK		15
	RUTHERFD		40
	HBKN		10
	BUFFALO	3	20
14	FROM BEVERLY	2	50
	FROM CLEVELD	5	50
—	FROM "	1	90

10% U.S. TAX

TOTAL CARRIED TO BILL

Statement A
NEW YORK TELEPHONE COMPANY
TOLL CALLS COMPLETED
BY OPERATOR, AND TELEGRAMS

OR 5 5600

OCT			
23	CY TO JERSEYVL	7	20
23	CY TO WASH		05
24	CY TO PHILA	2	65
	MESSAGE UNIT PERSON TO PERSON AND COLLECTCALLS		
5600			
SEP			
22	FROM FLORAL PK		25
OCT			
6	FROM EDGEWD		35
6	FROMGLEN COVE		35
11	FROM WESTMORE		35
14	FROMFLORAL PK		25
19	FROM PIONEER		35
20	FROM PIONEER		30
	MOBILE CONNECTION		
OCT			
5	COLUMBUS	1	75
—			

10% U.S. TAX

TOTAL CARRIED TO BILL

Statement A
NEW YORK TELEPHONE COMPANY
TOLL CALLS COMPLETED
BY OPERATOR, AND TELEGRAMS

OR 5 5600

OCT			
19	FROM DAYTONA BCH	5	65
19	WASH	1	10
21	WASH		80
21	WASH	1	30
22	WASH		80
	WASH		80
	WILLIAMSBG	1	35
24	CHICAGO	6	50
	LOS ANG	3	50
	JERSEYVL	2	25
	WASH	1	40
	WASH	1	10
25	WASH		80
25	WASH		80
—			

10% U.S. TAX

TOTAL CARRIED TO BILL

Statement A
NEW YORK TELEPHONE COMPANY
TOLL CALLS COMPLETED
BY OPERATOR, AND TELEGRAMS

OR 5 5600

5600

OCT			
17	WASH TO ORGL		85
18	CLEVELD TO TOLEDO	1	25
25	WASH TO CY		90
	WASH TO SCARSDALE	1	35
25	CINCINNATI TO MT VERNON	2	30
	WASH TO CY		90
26	CY TO LOS ANG	15	10
	WASH TO SCARSDALE	1	20
	WASH TO CY		80
	WASH TO LOS ANG	3	00
27	WASH TO SCARSDALE	1	10
	WASH TO JERSEYVL	6	30
	WASH TO CY	1	20
	CY TO JERSEYVL	1	30
	CY TO CHICAGO	3	30
	WASH TO CY		80
28	DAYTON TO MT VERNON	3	75
	ARLINGTN TO CY		80
29	CY TO JERSEYVL	2	70
	TORRINGTN TO SCARSDALE		40
—			

10% U.S. TAX

TOTAL CARRIED TO BILL

PLAINTIFF'S EXHIBIT 67 (Continued)

Statement A

NEW YORK TELEPHONE COMPANY

TOLL CALLS COMPLETED BY OPERATOR, AND TELEGRAMS

Forgotten 36, 10 3/11/07

BU 8 1931

-			
-	WASH	1	10
OCT			
17	FROM BRADLEY	1	20
26	WASH		90
27	"	1	10
29	B SHR		70
	WOODSIDE TLGRM	1	77
NOV			
1	PHOENIX	8	10
	"	3	90
	"	3	90
	WASH	1	10
	"	1	70
	"	1	65
3	CITY TLGRM	3	03
	FROM WASH	4	50
6	"	2	85
	FROM CONCORD	3	15
	FROM WASH	3	90
9	FROM BRADLEY	5	40
11	"	1	10
12	B SHR		40
15	WASH		90

10% U.S. TAX

TOTAL CARRIED TO BILL

A-1481-A 8-04

Statement B

NEW YORK TELEPHONE COMPANY

CUSTOMER DIALED TOLL CALLS

BU 8-1931

DATE	PLACE	AREA	EXCH	AMOUNT
10-29	NEW YORK	11	CRa 4	.10
11-16	NEW YORK	11	CRa 4	.10
11-16	NEW YORK	11	CRe 6	.10
11-24	NEW YORK	11	CRa 4	.10
11-25	NEW YORK	11	CRa 4	.10
11-25	NEW YORK	11	CRa 4	.10

TOTAL U. S. TAX .14

TOTAL CARRIED TO BILL 1.49

PLEASE SEE YOUR DIRECT DIALING BOOKLET FOR PLACES YOU MAY DIAL

PLAINTIFF'S EXHIBIT 68

From		$	¢
From No. 214	Name M Forgash		
To			
Place	Philadelphia Pa		E-3-E
No.	Evergreen 21000	Evans Exhibit	3-E
Name	Carfi		
Alternate			
Time	209p Q.E. 225p		
Report			
Minutes	7284 6 min	1.	30
			13
Date	4/15/55	1.	43
Operator	Charge		

[redacted] HOTEL

Plaintiff's Exhibit 69 Defendant's Exhibit ( ) Iden. ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.

No.

Roy E. Fuller - Official Court Reporter

5Be3x3

SUMMARY OF TELEPHONE TOLL SLIPS OFFERED THROUGH THE TESTIMONY OF WITNESSES, NORTHCOTT, CAMPBELL, ENNIS AND FORGASH

Date 1955	From	To	Time	Duration in Minutes (or cost)	Deposition Exh.No.
3/23	Keeshin (Cleveland) bill to Chicago	Cross (Md. home) OL. 2-6019	10:25 PM	2	Ill.Bell Ex. 3-A
4/6	Keeshin (Chicago)	Forgash (NY Or.5-5615)	4:30 PM	18	Ill.Bell Ex. 3-10
4/6	Cross (Md. home)	Keeshin (River Forest)	11:18 PM	16	C&P Ex. 3D
4/7	Forgash	Carrolton (Hugh E.Cross)		$3.15	Forgash Ex. 2
4/14	Keeshin (Chicago)	Forgash (NY Or.5-5615)	3:55 PM	12	Ill.Bell Ex.3-13
4/15	Forgash (Wash.,DC)	Carpi VP Pa. RR			Ennis Ex. 3-E
4/15	Cross (Md. home)	Keeshin (River Forest)	9:43 PM	18	C&P Ex. 4
4/16 (Sat.)	Cross (Md. home)	Keeshin (River Forest)	6:00 PM	12	C&P Ex. 5

PLAINTIFF'S EXHIBIT 69

Date	From	To	Time	Duration in Minutes (or cost)	Deposition Exh. No.
4/18	Cross (L.D.7202-ICC) bill to Md. home	Carmi, VP, Pa. RR. Phila. off. EV.2-1000	2:01 PM	2	C&P Ex. 7
4/18	Cross (L.D.7202-ICC) bill to Md. home	Simpson, Pres. B&O Balt. off. Lex.9-0400	4:30 PM	3	C&P Ex. 6
4/25	Cross (Md. home)	Keeshin (River Forest)	8:00 PM	15	C&P Ex. 8B
4/26	Cross (L.D.7203-ICC) bill to Md. home	Carmi, VP, Pa. RR. Phila. office	10:47 AM	4	C&P Ex. 8D
4/28	Keeshin (River Forest)	Cross - Md. home	10:12 PM	24	Ill.Bell Ex. 4A
5/10	Keeshin (River Forest)	Cross - Md. home	11:03 PM	30	Ill.Bell Ex. 3-25
5/12	Cross (L.D.7203-ICC off., bill to Md. home)	Keeshin (Chicago)	9:51 AM	3	C&P Ex. 13
5/12	Cross (L.D.7202-ICC off., bill to Md. home)	Carmi, VP, Pa. RR. Phila. office	4:13 PM	3	C&P Ex. 14
5/13	Cross (Md. home)	Simpson, Pres. B&O Balt. office	4:26 PM	6	C&P Ex. 16
5/13	Cross (Md. home)	Feucht, Pres. C&NW, Chicago office	5:10 PM	11	C&P Ex. 17
5/15 (Sun.)	Cross (Md. home)	Keeshin (River Forest)	6:52 PM	6	C&P Ex. 18

Date	From	To	Time	Duration in Minutes (or cost)	Deposition Exh.No.
5/17	Forgash	Carrolton (Hugh E. Cross)		$2.25	Forgash Unnumbered
5/17	Keeshin (Chicago)	Hugh E. Cross (Carrolton, 112)	10:02 AM	6	Ill.Bell Ex.3-27
5/19	Keeshin (Chicago)	Cross (ICC office)	2:46 PM	26	Ill.Bell Ex.3-28
5/20	Keeshin (Chicago)	Cross (ICC office)	2:46 PM	13	Ill.Bell Ex.3-29
5/20	Cross (L.D.7203-ICC off., bill to Md. home)	Simpson, Pres. B&O RR Balt. office	3:22 PM	7	C&P Ex. 22
5/20	Keeshin (River Forest)	Cross (Md. home)	9:57 PM	46	Ill.Bell Ex.4-C
5/21 (Sat.)	Keeshin (River Forest)	Forgash (NY home)	5:44 PM	4	Ill.Bell Ex.4-D
5/23	Cross (L.D.7202-ICC, bill to Md. home)	Keeshin (Chicago)	11:51 AM	15	C&P Ex. 23
5/23	Keeshin (Chicago)	Forgash (NY office)	12:44 PM	13	Ill.Bell Ex.3-30
5/23	Keeshin (Chicago)	Cross (Md. home)	6:03 PM	61	Ill.Bell Ex.3-31
5/23	Cross (Md. home)	Forgash (NY home) But. 8-1931	8:18 PM	17	C&P Ex. 24
5/24	Cross (Md. home)	Keeshin (River Forest)	8:02 AM	26	C&P Ex. 25

PLAINTIFF'S EXHIBIT 69 (Continued)

Date	From	To	Time	Duration in Minutes (or Cost)	Deposition Exh.No.
5/24	Keeshin (Chicago)	Cross (ICC office)	11:31 AM	9	Ill.Bell Ex.3-32A
5/25	Cross (Md. home)	Simpson, Pres. B&O RR. [illegible] FE.2-0370. Balt.off. tried first and report that MES would be in tomorrow.	11:39 AM	5	C&P Ex. 263
5/25	Three telegrams to Chicago,	bill to Cross Md. home telephone			C&P Ex. 27 & 28
5/20	Forgash	Keeshin (Eagle River)		$7.20	Forgash Ex. 5
6/3	Keeshin (Chicago)	Forgash (NY office)	2:45 PM	1	Ill.Bell Ex. 3-36
6/5 (Sun.)	Forgash	Jerseyville (Hugh E.Cross)		$1.20	Forgash Ex. 5
6/3	Keeshin (Chicago)	Cross (ICC office)	8:48 AM	5	Ill.Bell Ex. 3-37
6/3	Cross (L.D.7202-ICC off., bill to Md. home)	Keeshin (Chicago) Placed Completed	10:02 AM 11:50 AM	17	C&P Ex. 30
6/3	Cross (Md. home)	Carpi, VP Pa. (Phila. office)	4:06 PM	10	C&P Ex. 29
6/3	Cross (Md. home)	Simpson, Pres. B&O Balt. office	4:33 PM	5	C&P Ex. 31

PLAINTIFF'S EXHIBIT 60 (Continued)

Date	From	To	Time	Duration in Minutes (or Cost)	Deposition Exh.No.
6/3	Forgash	Carrolton (Hugh E.Cross)		$3.15	Forgash Ex. 3
6/13	Forgash	Carrolton (Hugh E.Cross)		$3.60	Forgash Ex. 4
6/13	Keeshin (Chicago)	Forgash (NY Or.5-5615)	10:07 AM	4	Ill.Bell Ex.3-38
6/13	Cross (Md. home)	Keeshin (River Forest)	7:50 PM	24	C&P Ex. 34
6/14	Keeshin (River Forest)	Cross (Md. home)	9:56 PM	27	Ill.Bell Ex. 4-K
6/23	Cross (Md. home)	Keeshin (Eagle River)	8:55 PM	25	C&P Ex. 36
7/1	Cross (Md. home)	Wilbur - HO.5-1855 Baird & Warner	5:22 PM	6	C&P Ex. 38
7/10 (Sun.)	Cross (Md. home)	Clarence Diver (Waukegan) Majestic 3-1676	5:40 PM	3	C&P Ex. 41
7/12	Cross (Md. home)	Clarence Diver (Waukegan) On. 2-8612	5:02 PM	3	C&P Ex. 43
7/12	Cross (Md. home)	Keeshin (River Forest)	11:09 PM	14	C&P Ex. 45
7/20	Cross (Md. home)	Forgash (NY home) But. 8-1931	10:22 PM	6	C&P Ex. 48
7/21	Cross (Md. home)	Keeshin (Eagle River)	8:39 PM	9	C&P Ex. 49

PLAINTIFF'S EXHIBIT 69 (Continu

—287—

Date	From	To	Time	Duration in Minutes (or Cost)	Deposition Exh. No.
7/21	Keeshin (Eagle River)	Cross (Md. home)	10:00 PM	23	Ill.Bell Ex.3-55
7/27	Cross (Md. home)	Keeshin (Chicago)	5:38 PM	22	C&P Ex. 51
7/28	Cross (Md. home)	Keeshin (Chicago)	12:14 PM	13	C&P Ex. 52
7/29	Keeshin (River Forest)	Cross (Md. home)	10:48 PM	23	Ill.Bell Ex. 4-M
8/15	Cross (Md. home)	Carpi, VP, Pa. Phila. office	8:38 AM	6	C&P Ex. 60
8/15	Cross (Md. home)	Goldstein (Chgo.home) No. 4-5344	9:46 PM	4	C&P Ex. 58
8/17	Cross (L.D.7202-ICC off., bill Md. home)	Carpi, VP, Pa. Phila. office	9:35 AM	3	C&P Ex. 61
9/9	Keeshin (River Forest)	Cross (Md. home)	10:52 PM	19	Ill.Bell Ex.4-O
9/14	Cross (Md. home)	Keeshin (Su. 7-3358 Railroad Transfer)	6:21 PM	19	C&P Ex. 62
9/15	Cross (Md. home)	Keeshin (Chicago)	5:44 PM	20	C&P Ex. 63
9/16	Cross (Md. home)	Keeshin (Chicago)	6:15 PM	3	C&P Ex. 64

Date	From	To	Time	Duration in Minutes (or Cost)	Deposition Exh.No.
9/18 (Sun.)	Keeshin (River Forest)	Cross (Md. home)	6:34 PM	3	Ill.Bell ex. 4-Q
9/20	Keeshin (River Forest)	NY Or.5-5615 Forgash - office	9:59 AM	3	Ill.Bell Ex. 4-S
9/20	Keeshin (River Forest)	Forgash (NY home)	10:08 AM	6	Ill.Bell Ex. 4-R
10/17	Forgash (from Cross home) -	Bradley charge		$1.20	Forgash Ex. 36
10/23	Forgash	Cross (Jerseyville)		$7.20	Forgash Ex. 6
10/24	Forgash	Cross (Jerseyville)		$2.25	Forgash Ex. 7
10/27	Forgash (Washington)	Cross (Jerseyville)		$6.30	Forgash Ex. 19
10/27	Forgash (NY)	Cross (Jerseyville)		$1.30	Forgash Ex. 19
10/29	Forgash	Cross (Jerseyville)		$2.70	Forgash Ex. 19
11/11	Forgash (from Cross home) -	Charge Bradley		$1.10	Forgash Ex. 36
11/25	Cross (Md. home)	Forgash (NY)	12:56 PM	3	C&P Ex. 82

PLAINTIFF'S EXHIBIT 69 (Continued)

PLAINTIFF'S EXHIBIT 70

21Z1273

CHICAGO, MAY 26, 1955.

HON. HUGH W. CROSS, COMMISSIONER
INTERSTATE COMMERCE COMMISSION
WASHINGTON, D. C.

DEAR HUGH: I SHALL BE IN WASHINGTON TOMORROW (FRIDAY) FOR AAR BOARD MEETING AND IF THE LENGTH OF THE MEETING PERMITS WILL CONTACT YOU. EXPECT TO BE BACK IN CHICAGO SATURDAY AND WILL BE DELIGHTED TO SEE YOU WHEN YOU ARE HERE MAY 31 THROUGH JUNE 2. WARM REGARDS.

WAYNE A. JOHNSTON
PRESIDENT
ILLINOIS CENTRAL RAILROAD

PLAINTIFF'S EXHIBIT 71

Chicago, May 20, 1955

Mr. Trevillion:

Referring to my letters March 22 and January 13 reporting to you action of Subcommittee, Chicago Terminal Lines, involving transfer of passengers and baggage between stations in Chicago.

This Subcommittee met yesterday and we received final proposals from Keeshin and Parmelee Company. Before the Subcommittee makes its recommendation to the General Committee, each representative was to obtain from their executives authority for selecting one of these services on basis of the proposal. It is possible that the Subcommittee will make a majority and minority recommendation.

KEESHIN PROPOSAL assesses adult per capita coupon rate beginning July 1, 1955, for one year of $1.20; for the year beginning July 1, 1956, $1.22; for the year beginning July 1, 1957, $1.23 and the contract to be for a five year period with a escalator clause for the remaining two years on basis of 1¢ for every 5¢ an hour increase in wages. This escalator clause to apply in the reverse in case a decrease in wages is authorized.

These charges will apply for both the transfer of passengers and hand baggage in limousine service or for checked baggage to be handled in trailers to be placed at station baggage room platforms and the transfer of these trailers to be handled by tractors between stations. Both passenger and baggage truck equipment is to be radio controlled and that the transfer service for passengers will be available between the hours of 6:45 AM and 11:00 PM daily. Baggage truck service to be available at intervals of two hours during the period 8:00 AM to 5:00 PM daily.

Mr. Keeshin proposed to purchase Ford air-conditioned station wagons seating seven passengers and also assign sufficient trailers to handle the checked baggage.

PARMELEE COMPANY PROPOSAL. Effective July 1, 1955, Parmelee desires a written agreement for period ending December, 1961. The present charge of $1.22 per adult coupon to be reduced to $1.[illegible] during period July 1, 1955, to June 30, 1956, and effective July 1, 1956, escalator charge would be on basis of 1¢ for each 3¢ per hour increase in wages. Charge would be reduced on same basis if wages were lowered. Maximum charge to the railroads during the period of this agreement would be $1.25 per adult coupon.

Parmelee Company has in mind spending $500,000.00 for the purchase of new equipment over the approximate five year period and will replace within the next eighteen months old passenger equipment not in service with new twelve passenger limousines.

In view of the fact that both of these proposals are about the same and as no serious complaints have been received in connection with the present Parmelee service, it is my recommendation that we record our expression as favoring the continuation of the Parmelee Service. May I have your approval.

Original Signed
G. R. KIMBEL

J.C. 18

PLAINTIFF'S EXHIBIT 72

Mr. Kimbel:

Mr. Bone of the NYC telephoned yesterday afternoon stating that he is calling a meeting of his committee having to do with the transfer of passengers and baggage between stations in Chicago now being handled by the Parmelee Company.

He has information that some railroad presidents have been contacted by transfer companies involving this service. He has in mind having Mr. Keeshin appear before the committee morning of May 19 and have Mr. Markin of the Parmelee Company appear in the afternoon of the 19th. This will be for the purpose of having these gentlemen further explain their proposals covering the transfer service. Meeting will be held in Room 1218, LaSalle Street Station.

Mr. Bone is going to ask Mr. Baird to attend and he understands the B&O will ask Mr. Whittington to attend. He suggested that in view of contacts now being made of the presidents' offices that representation at this meeting should be at the highest passenger traffic level and has asked that you attend.

R. P. S.

4-29-55

PLAINTIFF'S EXHIBIT 73

Ehzo Transfer - Phoned these men and wanted as follows 01 PM
Mr Bone Nyc - Evanston Illinois 5-8616

(27) Recommended Kleshin proposal approved by New York office

Mr. Holt - Plaza - Fleetwood 2-1995
Kleshin proposal - Phil. ok

Mr Sloan - AT&T - Euclid 6-3714
Kleshin proposal

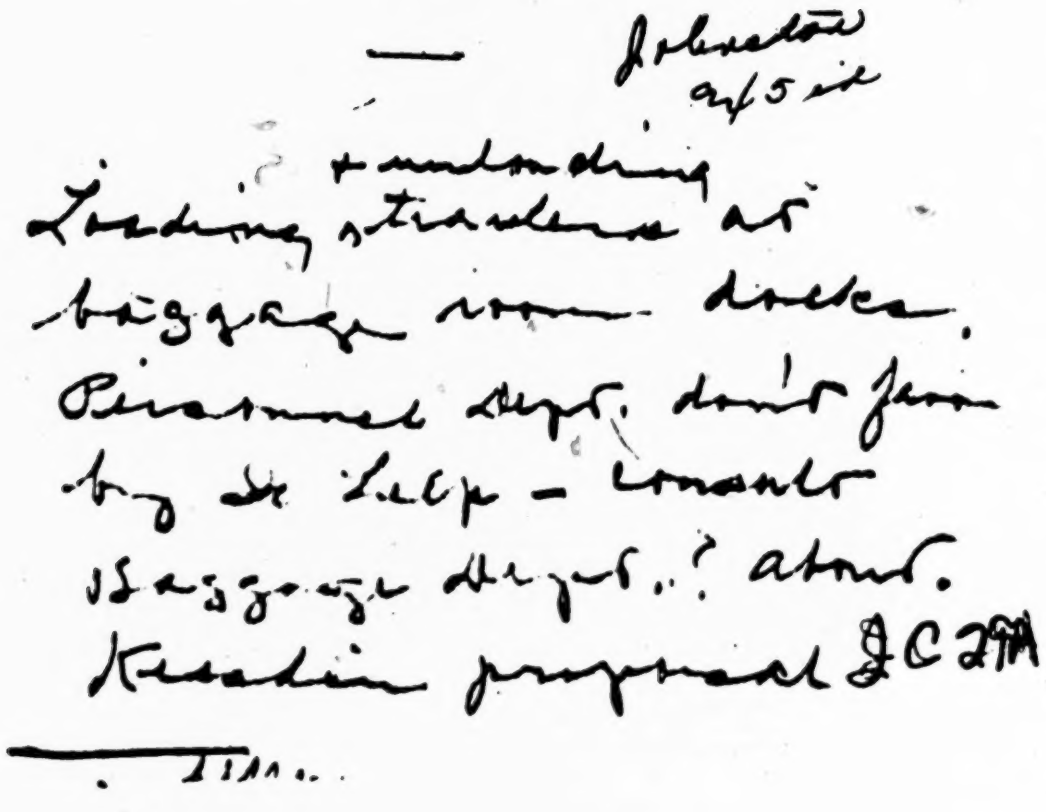
Mr Coleman - B&O. Beverly 8-8417
No answer

Stated this afternoon received no advice, Mr. Whittington will attend meeting June 3rd and make decision then.

Mr. Quackenbush - C&NW - Wancouda Jackson 6-7335
D.C28
No advice which proposal they favor. Will attend meeting 6/3 and hope can announce then

Nyc paid Parmelee 345,000.00 in 1954
C&NW " " 251,000.00 in 1954
Jc " " 70,000.00 " "

PLAINTIFF'S EXHIBIT 74



PLAINTIFF'S EXHIBIT 75

March 24, 1955

Air Mail

Mr. Morris Markin,
Chairman of the Board,
Parmelee Transportation Co.,
2016 North Pitcher Street,
Kalamazoo 13 F, Michigan.

My dear Morris:

I have read your proposal of March 15th addressed to Mr. Padrick, concerning the transfer service performed by Parmelee Transportation Company at Chicago.

I see no reason why it should not be adopted by the Chicago terminal lines, as it impresses me as being fair and reasonable.

With best wishes.

Sincerely yours,

/s/ F. H. Baird

Envelope: President,
Parmelee Transportation Corp.,
2016 North Pitcher Street,
Kalamazoo 13 F, Michigan.

FHB/arb

Also Rch Baird 4/6/55
Board
3-4-7

PLAINTIFF'S EXHIBIT 76

NEW YORK CENTRAL SYSTEM

Chicago, April 27, 1955

Mr. W. J. Baird:

Regarding transfer arrangements, Chicago, presently performed by Parmelee Transportation Company -

Mr. Perlman has talked with Mr. Fawcett regarding the status of the transfer situation. After a thorough sifting of all companies big enough and capable of doing the transfer job at Chicago, the committee has determined only two are of sufficient importance to be considered,

1 - Incumbent, Parmelee Transportation Company, and
2 - Keeshin Motor Company, Chicago.

Fundamentally, the proposals of these two companies are the same, for example, each desires five year contract with the carriers and each proposal outlines new limousine equipment - in the case of Keeshin he proposes radio equipped, air-conditioned limousines for the transfer of passengers but, as stated above, each proposal is fundamentally the same and covers the transfer of passengers between stations, Chicago, and the transfer of checked baggage.

The Keeshin proposal outlines coupon rates as follows:

$1.20 per coupon for the first year
$1.22 per coupon for the second year
$1.23 per coupon for the third year, and

commencing with the fourth year, the contract would contain an escalator clause on the basis of 1¢ increase in the coupon rate for every 5¢ an hour increase in wages.

The Parmelee proposition provides for $1.20 per coupon for the first year. Commencing with the second year the coupon rate would be dependent upon an escalator clause providing for 1¢ increase per coupon for each 3¢ an hour increase in wages, plus 1¢ increase per coupon for each 1% decrease in the number of passengers transferred between stations - if the number of passengers increased between stations the coupon rate would likewise be decreased 1¢ per coupon. The base period on which the increase or decrease of coupons would be figured would be the period July 1, 1954 to June 30, 1955.

NY 308

PLAINTIFF'S EXHIBIT 76 (Continued)

NEW YORK CENTRAL SYSTEM

Mr. F. H. Baird -2- April 27, 1955

In 1954 the New York Central paid the Parmelee Company $345,160. I do not have the total payment to Parmelee in 1954, but I am showing next the total payments made to Parmelee by the Terminal Lines in the years indicated and the amount of money that the New York Central paid Parmelee in those years:

Year	Total	N.Y.C.
1951	$1,609,136	$367,337
1952	1,621,808	366,559
1953	1,460,846	340,632

In 1950 the adult coupon rate was 85¢ and was increased to $1.00.

In 1952 coupon rate was increased to $1.05

January 1, 1954 - $1.12½

April 1, 1954 - $1.20, and

The present rate since July 1, 1954 is $1.22

When Mr. Perlman discussed the matter with Mr. Fawcett he asked if I could keep the case open and for decision until he would have an opportunity to analyze it - the Parmelee Transportation Company has now concluded that they must have an answer on May 6 inasmuch as their labor contract expires on June 30 they state they must start negotiations immediately (The Keeshin proposal states that his labor contracts have been made for the next three years).

Will you please advise what our position in the case should be in view of the analysis by Mr. Perlman.

S. J. Bono

Copy Mr. D. A. Fawcett

PLAINTIFF'S EXHIBIT 77

NEW YORK CENTRAL SYSTEM

New York, May 20, 1955

MEMORANDUM -

Concerning the negotiations with the Parmalee Transfer Company and the Keeshin Motor Company, covering transfer arrangements at Chicago, Illinois.

The sub-committee which includes representatives of the New York Central, Santa Fe, Baltimore and Ohio, Chicago & North Western, Illinois Central and Pennsylvania Railroad, listened to proposals submitted by Keeshin and by Parmalee Thursday, May 19th.

After hearing the proposals the sub-committee voted to adjourn and reconvene Friday, June 3rd, for the purpose of making recommendations concerning awarding of contract.

In the meantime the sub-committee members will confer with their respective managements and with the other member roads involved in the Transfer arrangements as to the merits of the two propositions offered.

Generally, both Parmalee and Keeshin are very close in their bidding — both propose a rate of $1.20 per coupon for the first year of the contract (this compares with rate of $1.22 presently charged by Parmalee).

Both propose escelator clauses — Keeshin would charge $1.22 per coupon during second year of contract — $1.23 per coupon third year of contract and thereafter would raise the charge per coupon .01¢ for each wage increase of 05¢ an hour awarded to drivers — Parmalee proposes a .01¢ per coupon increase for each .03¢ per hour increase in drivers wages with maximum cost per coupon not to exceed $1.25.

Each of the two companies desires a five year contract, each proposes to provide new limousine equipment, each proposes full coverage of transfer requirements of passengers and checked baggage between stations in Chicago.

In 1954, the New York Central paid the Parmalee Company $345,160; the totals paid Parmalee by the Terminal Lines, Chicago and the amounts paid by the New York Central as its proportion for the three years prior to 1954 follow:

Plaintiffs Exhibit / Defendants Exhibit ( ) Iden. ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division No. BEFORE MINER, J.

Roy E. Fuller - Official Court Reporter

56 C 3, V3

PLAINTIFF'S EXHIBIT 77 (Continued)

YEAR	TOTAL	NEW YORK CENTRAL
1951	$1,609,136	$367,337
1952	1,621,808	366,559
1953	1,460,846	340,632

In opening this contract to competitive bidding it is the feeling of the Chicago Terminal Lines that a much better deal will result than would otherwise be possible.

F. H. Baird

PLAINTIFF'S EXHIBIT 78

NEW YORK CENTRAL SYSTEM

New York, May 26, 1955

Memorandum for Mr. E. C. Nickerson:

Referring to the Chicago transfer situation and the negotiations being progressed in connection therewith:-

I quote letter from Mr. Bone, dated May 24th:

"I am genuinely impressed with the Keeshin proposition, and particularly his attitude.

I feel, were it not for the proposal submitted by Mr. Keeshin, that the Parmelee Company would be asking for a rate per coupon several cents higher than we are today paying.

I feel that the Parmelee Company could have been more alert in finding means to reduce their expenses, enabling a lower coupon rate, instead of holding out for different plans which would, in effect, guarantee Parmelee an increased rate when railroad traffic is declining.

The Keeshin proposal to replace equipment every thirty months is quite necessary, and it was given in a clear cut manner - and the equipment, being radio dispatched and air-conditioned, is to the advantage of the carriers.

I am confident that Mr. Keeshin can do the job better and I, therefore, recommend that the Keeshin Company be given the contract on the basis of his proposition."

I agree with Mr. Bone's conclusions and recommend that we be given authority to proceed accordingly. We must be sure, of course, that an enforceable contract is negotiated with Keeshin and that same will guarantee continuity of service by Keeshin, or his successors, in the event the Keeshin Company decides to dispose of the business at some later date. The matter of settlements should also be plainly stated, the Railroads involved in the contract settling on the basis of coupons presented and on which service has been performed.

Please advise.

F. J. Lund

N 134

PLAINTIFF'S EXHIBIT 79

NEW YORK CENTRAL SYSTEM

New York, May 31st 1955

Mr. E. W. Bone:

Referring to the Chicago transfer situation and negotiations being progressed in connection therewith.

You have copy of my memorandum to Mr. Nickerson dated May 26th, recommending that the Keeshin Company be given the contract for the transfer work at Chicago.

Mr. Nickerson has approved this recommendation and the matter may therefore be progressed accordingly.

The provisions outlined in the last paragraph of my letter of the 26th, are necessary and the contract, if finally awarded Keeshin, should be clear with respect to each provision.

F. [illegible]

NYCJ7

PLAINTIFF'S EXHIBIT 81

Supplement to C.R.I.&P.R.R. Co. Secretary's No. 12717

August 10, 1955

Parmelee Transportation Company
300 N. Jamplaines St.
Chicago, Ill.

Yellow Cab Company
1720 S. Indiana Ave.
Chicago, Ill.

Checker Taxi Company
1401 W. Jackson Blvd.
Chicago, Ill.

Plaintiffs Exhibit | Defendants Exhibit | ( ) Iden. ( ) Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.
No.
Roy E. Fuller - Official Court Reporter

Gentlemen:

Referring to Letter Form of Agreement, dated December 30, 1942, between The New York Central Railroad Company, The Chicago, Rock Island and Pacific Railway Company, Parmelee Transportation Company, Yellow Cab Company and Checker Taxi Company, providing for operation of Parmelee buses and Yellow and Checker cabs in the so-called "Taxi-Court" at LaSalle Street Station, Chicago, Illinois:

In line with the recent decision of Chicago Terminal Lines to terminate the services of the Parmelee Transportation Company, please consider this notification as formally cancelling the above Letter Form of Agreement dated December 30, 1942, effective Midnight, September 30, 1955.

May we take this opportunity of expressing to the Parmelee Transportation Company, whose services and association we have enjoyed for so many years at LaSalle Street Station, our respect for the organization and its historical affiliation with the railroad transportation industry in Chicago.

Your acknowledgment will be appreciated.

Yours very truly,

THE NEW YORK CENTRAL RAILROAD COMPANY

By L. A. Fawcett
President Vice President

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY

By R. C. Brink
Vice President

ATTEST:

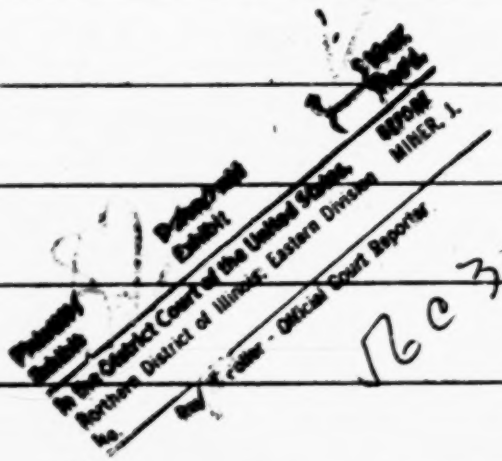
Secretary

J. F. Lee

PLAINTIFF'S EXHIBIT 82

1/5

Case for meeting may
have made 12/15—



RC 373

RH 121

PLAINTIFF'S EXHIBIT 82 (Continued)

9/11 - Dc contacted agent & Chyo Tunnel told deadline 12/1/05 no response

PRR contacted Willett (wife) - no response. Steps suggested to SBP that Signal Co be formed & RR take the stock - no good

NY
12/7

PLAINTIFF'S EXHIBIT 82 (Continued)

1/5/55

EBP has voiced
Principles to [illegible] offer
as their suggestion
to improve Fire &
Casualty Cos —

JL Kershin proposal
at 9/20 is now drop to
Change from Principles
1. Rate to be based on
Yr Ldg Trailers

Rate of 1½ based retroactive

Mr Rest made to EBP in letter of 1/5
MV 1/53

PLAINTIFF'S EXHIBIT 82 (Continued)

11/23 930a Rm 1218

OK Emily Kelly

New contract

Sgd 1/15

10 thru Inc 1957

8d ✓ - 1962

8c - - 1967

Baggage { Rec'd? see minute
Trucks? ✓ ✓

What was the nbr of pages typed
that caused you to name add'l 10 units
see minute

NY 124

PLAINTIFF'S EXHIBIT 82 (Continued)

Tom Willett Jr:
Old Cottage
Fisher Un Sta -
1. Trailers

Nbr of trips - ~~200~~ 4 Trips
Nbr of Trailers. 6 Trailers -
Who owned Load. Willett owned Load
Claims - owned participate
Main office located 3 Blocks from
Un Sta & extra trailers are
available.
Have Received Barge Flyer - yes
Flyer of Spaces to Spaces - Instruct

Same price as now getting $4.25

PLAINTIFF'S EXHIBIT 82 (Continued)

1/23 Howard Willett:

Prop Equipt -

- Luggage in Car

with prop

122 adl
61 1/2
65 Fem
5 ab Plus
other

Same price as now getting -

6 & 10 prop Equipt

Cost to operate 1 Bus

10 . 21 = 10

Nbr of Buses to Crow = 40

6 . 21 = 20

75 Buses that operate for

Schools - Have 50 Bus

Would provide Prop Acty

Please. J

11412b

PLAINTIFF'S EXHIBIT 82 (Continued)

Edmund Willett

— Boyn -

— Breaking point on which rate is made — ??

— RR from a Co —

(no) ! !

— Would be willing to keep rate for 1 year -

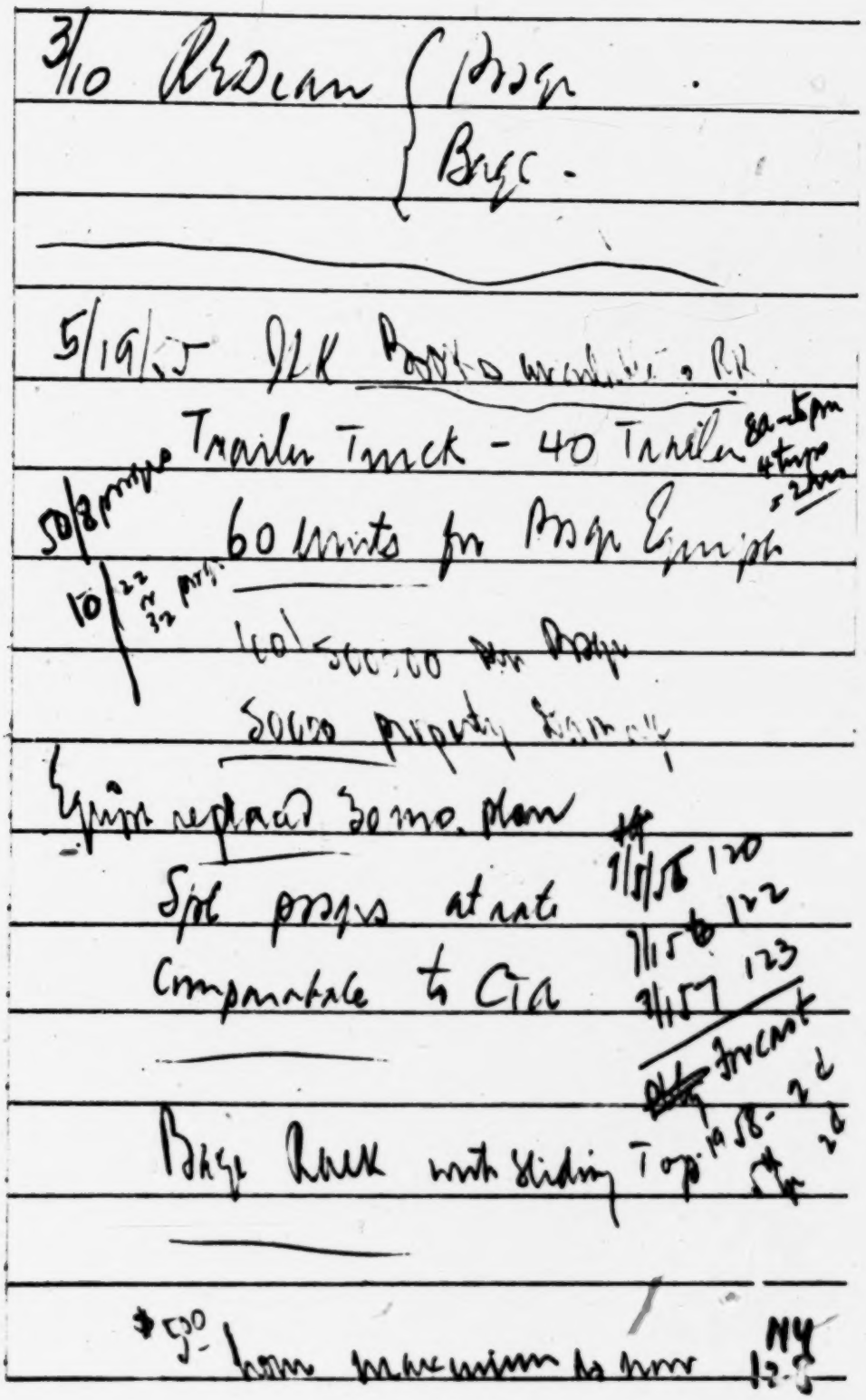
— for 2nd year ~~[illegible]~~ → Escalation Clause with ceiling

— 5 yr Contract

— Willett Motor Coach will operate

M4/27

PLAINTIFF'S EXHIBIT 82 (Continued)



PLAINTIFF'S EXHIBIT 82 (Continued)

S/S .3

Can have more Employees in 90 days

no Problem with CKL Barge

In case of Emergency Can Charter in sufficient More Employees.

NY129

Cont'd on next Page

PLAINTIFF'S EXHIBIT 82 (Continued)

1/19/55

Panama Transp Sys

? Wayne 15d/m 3 yr ct/mt

5d/m - 120 to 125 ∴ = 1d to 3d/mo

Ceiling

July 1, [illegible] 120 d/m pp2

July 1, 1956 125 thru Dec 1961

1500 Larger Trucks (Replace Trucks

85 d/m

20 x [illegible] prop 30 addtl to replace]

65 x 7 prop

No a/c

NA 130

With 1 mo

Mo

PLAINTIFF'S EXHIBIT 82 (Continued)

9/19/57

Purchase Pr

Pty Engrgs 50¢

Assumption of description

· Fil Surf Com June 3rd x 4 D.P.

NY131

PLAINTIFF'S EXHIBIT 82 (Continued)

~~4 of~~

120 Pasmelee Kayoo

Beg 7/1/55 - 1st 120 maximum

7/1/56 2 122

7/1/57 3 123

7/1/58 4 124

7/1/59 5 125

7/1/60 6 125

131 ff

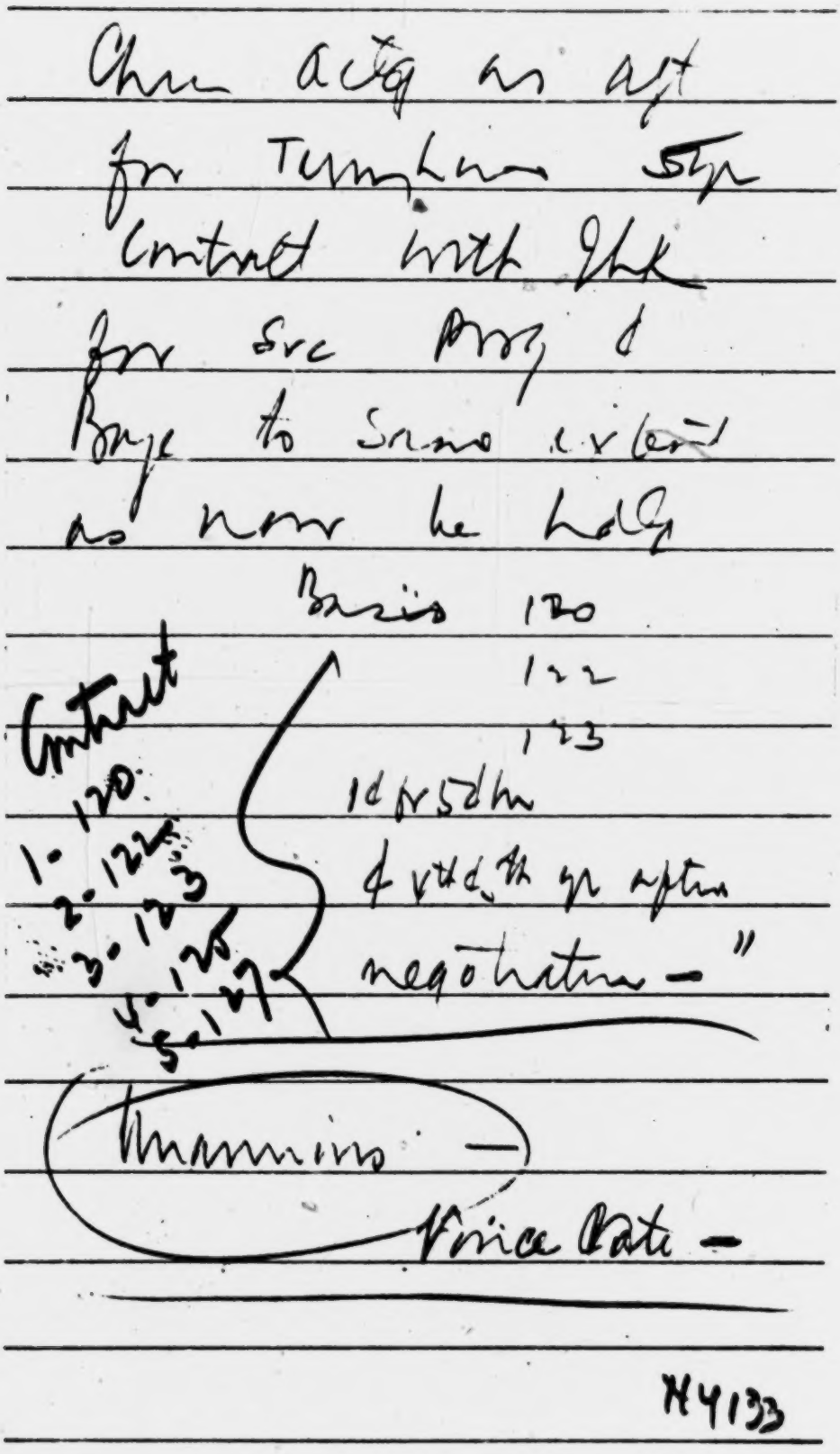
PLAINTIFF'S EXHIBIT 82 (Continued)

6/13 Erie Contract
with Penn - made
1915 - 60 cancellation
Clause (also NKP)

10/11/55

"Changing ~~RFC~~ Penn
Coal of all coal
of Pgh & Ky, but
Str Cyo off 90 days
that in ev Control
of Src w/wx Scrapers an
auto be CD on 90 hrs
notice - d ans be
made by Control N4132

PLAINTIFF'S EXHIBIT 82 (Continued)



H4133

PLAINTIFF'S EXHIBIT 82 (Continued)

Sub Com to [illegible] Kept
to Compile termination
report - & Engage Sub

Railroad Transfer Service

Retention [illegible] of Prime Contr.
Ltr dtd [illegible] 3 Apr. Contr.
DCC+302
Storage Charges from Po

Lt Blue & White

Sub. Comm. w/ Sub to Change name &
color -

N4137

PLAINTIFF'S EXHIBIT 83

FILE F. R. M.

Mr. Baird -

Mr. Bone called to advise that Messrs. Comer and Whittington will be on hand in Chicago re the Chicago transfer situation on Thursday, May 19th.

I advised him you would not be there.

arh - 5/17

advised FNB - 5/18

Pltf. Ex. Baird 4 for ID. 5-21-57

PLAINTIFF'S EXHIBIT 84

6C
3 of 3

NEW YORK CENTRAL SYSTEM

Chicago, May 19, 1955

Mr. F. H. Baird:

Today, the sub-committee of the Chicago Terminal Lines, composed of the following members

C.E.Quackenbush, G.P.A., C.& N.W., Chicago
S.F.G.Nelson, A.G.P.A., B.& O., Chicago
J.L.Sloan, A.G.P.A., A.T.& S.F., Chicago
E.M.Holt, G.P.A., Pennsylvania, Chicago
R.P.Smart, A.G.P.A., I.C., Chicago
and the undersigned as Chairman

augmented by the following officials

E.B.Padrick, Chairman, Trans-Cont.-Western Passenger Ass'n
E.R.Comer, PTM, Pennsylvania, Philadelphia
J.F.Whittington, G.P.T.M., B.& O., Baltimore
R.E.Coleman, P.T.M., B.& O., Chicago
J.R.Brennan, P.T.M., C.& N.W., Chicago

met with Messrs. Keeshin and Markin and reviewed their proposals in the Chicago transfer situation.

Mr. Keeshin conferred with the committee at 10:00 A.M. today and reiterated his position to be on the following coupon rates:

1st year - $1.20
2nd year - 1.22
3rd year - 1.23

and the fourth years on the basis of an escalator clause, being an increase of 1¢ per coupon for every 5¢ an hour drivers' wages were increased.

Mr. Keeshin's proposal is on a five year basis through December 1961 and he assured the committee that he is prepared to purchase 60 units of passenger equipment of the station wagon air-conditioned type (50 units of 8-passenger capacity and 10 units either 22 or 32 capacity) plus 40 trailer trucks to handle checked baggage. The equipment to be replaced under a 30 month replacement plan.

The equipment which Mr. Keeshin proposes would have luggage racks on the top of the station wagons for the handling of luggage which passengers would carry with them in the transfer between stations - this luggage rack would be constructed by unique design

PLAINTIFF'S EXHIBIT 84 (Continued)

NEW YORK CENTRAL SYSTEM

providing for a sliding top which would protect, he says, the luggage in the case of inclement weather.

Mr. Keeshin also proposed to augment the present two trips a day between Chicago stations for the handling of checked baggage to four trips a day.

Mr. Keeshin did not care to forecase the coupon rate beginning with the fourth year, inasmuch as it is of some conjecture what labor conditions would be at that time but he did not anticipate the hourly rate of drivers to increase beyond 10¢ an hour in the fourth year or 10¢ an hour in the fifth year.

Mr. Keeshin stated that he could have passenger equipment within 90 days to place in limousine service, and he had sufficient equipment to handle the checked baggage - also Mr. Keeshin stated that in the case of an emergency he could make arrangements for sufficient equipment to commense the limousine transfer almost immediately.

Mr. Markin, Chairman of the Board of the Parmelee Transportation Company, conferred with the committee at 2:00 o'clock this afternoon and reiterated a portion of his previous proposition, as follows:

1st year - coupon rate to be $1.20, and, beginning with the second year, an adjustment of the coupon rate of 1¢ for each increase or decrease of 3¢ per hour in wages of the driver employes and continuing until the expiration of the contract, but the coppon rate through December 1961 would not exceed $1.25.

Mr. Markin's proposition is on a five year contract, through December 1961, and he reiterated his prior proposition to replace trucks for the handling of checked baggage and to replace the present 85 limousines (20 12-passenger and 65 7-passenger) by the purchase of thirty additional 12-passenger capacity limousines to replace some of the seven-passenger limousines. Mr. Markin stated that this would require an expenditure of approximately $500,000 over a period up to eighteen months. Mr. Markin stated that he did not consider air-conditioned equipment to be practical in the limousine transfer.

Mr. Markin's limousines would have space for the luggage which passengers take with them in limousines in a compartment in

PLAINTIFF'S EXHIBIT 84 (Continued)

NEW YORK CENTRAL SYSTEM

the body of the limousine accessible through the rear compartment, from the outside.

Mr. Markin stated that he considers the two trips per day of checked baggage between stations to be adequate, which position is confirmed by the Managers of our respective Baggage Rooms at the different Chicago Terminals.

Briefing these two proposals, the Keeshin proposal could (although a matter of conjecture) reach a rate of $1.27 a coupon in the fifth and expiring year of the contract, whereas the Parmelee Transportation Company proposal provides a positive ceiling of $1.25 through the fifth year of the contract - however it could well be that the Parmelee proposal would reach the maximum of $1.25 in its second year (depending upon what Parmelee is able to negotiate with its drivers) whereas the Keeshin proposal (labor contract having been negotiated by Mr. Keeshin) provides maximum of

$1.22 in the second year
1.23 in the third year.

The members of the sub-committee have designated Friday, June 3, as the next date that the sub-committee will meet to compile the sub-committee's recommendation to the general committee composed of all Chicago lines. I trust that this date (June 3) will be sufficient time for you to analyze these two proposals and let me have the position of our company. I should add that other members of the sub-committee are likewise submitting the detail of today's conferences to their officers for a similar analysis and judgment.

S. W. Bone

Copy Mr. D. A. Fawcett.

PLAINTIFF'S EXHIBIT 85

NEW YORK CENTRAL SYSTEM

Chicago, May 20, 1955

Mr. F. H. Baird:

Supplementing my letter of May 19 in regard to the Chicago transfer situation -

At 4:40 this afternoon Mr. Morris Markin telephoned me from Kalamazoo and stated that he wanted to revise his proposition in regard to the Chicago transfer situation as follows:

"Base rate established July 1, 1955 - $1.20 and there shall be increase of 1¢ for each 3¢ in cost of labor, the maximum rates under this formula are as follows:

July 1, 1955	$1.20
July 1, 1956	1.22
July 1, 1957	1.23
July 1, 1958	1.24
July 1, 1959 to the end of the contract, July 1960	$1.25

I understood from Mr. Markin that he intends to confirm his telephone conversation by letter.

S.W.Kone

Copy Mr.D.A.Fornett

THE EVANSTON BAIRD

PLAINTIFF'S EXHIBIT 86

NEW YORK CENTRAL SYSTEM

Chicago, May 23, 1955

Mr. J. A. Whited
Assistant to the President
New York, New York

Dear Jack:

Pursuant to your request, I am attaching hereto copy of my letter of May 20 addressed to Mr. Baird, with a copy to Mr. Fawcett, regarding the Chicago transfer situation.

Enclosure

Plaintiff's Exhibit
Defendant's Exhibit
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
Roy E. Fuller - Official Court Reporter

Whited 2 forwd

Plus Eh Whited 3rd forwd

PLAINTIFF'S EXHIBIT 86 (Continued)

NEW YORK CENTRAL SYSTEM

C O P Y

Chicago, May 20, 1955

Mr. F. H. Baird:

Supplementing my letter of May 19 in regard to the Chicago transfer situation -

At 4:40 this afternoon Mr. Morris Markin telephoned me from Kalamazoo and stated that he wanted to revise his proposition in regard to the Chicago transfer situation as follows:

"Base rate established July 1, 1955 - $1.20 and there shall be increase of 1¢ for each 3¢ in cost of labor, the maximum rates under this formula are as follows:

July 1, 1955	$1.20
July 1, 1956	1.22
July 1, 1957	1.23
July 1, 1958	1.24
July 1, 1959 to the end of the contract, July 1960	$1.25"

I understand from Mr. Markin that he intends to confirm his telephone conversation by letter.

S. W. Bone

Copy Mr. D. A. Fawcett

Ayd 17

PLAINTIFF'S EXHIBIT 87

Chicago, May 23, 1955

Mr. T. E. Norland:

I am returning papers bearing your pencilled memorandum regarding use of C.T.A. buses to transfer groups between terminals, Chicago, when such groups hold party tickets reading to and from Chicago -

I am now advised that the Parmelee Transportation Company will handle such group movements at the rate of 50¢ per capita.

S.W.Bems

Enclosures

PLAINTIFF'S EXHIBIT 87a

1-C

NEW YORK CENTRAL SYSTEM

N.Y.C. SYSTEM
26 1955
P. T. M. CHICAGO

Chicago, May 25, 1955

Messrs: E. E. Pierce
I. G. Kemp
R. R. [illegible]berg
A. A. [illegible]
T. R. [illegible]
E. H. [illegible]
G. Pavlych

All I says to Shanegard 4pm 6/28/55

The use of GTA buses to transfer groups between stations in Chicago seems to be popular. At times this method is used without reference being made to such means of transfer in the transportation notice and it may result in duplicate service; namely, Pennsylvania Company bus to east of the transfer station and the I believe receive copies of transportation notices, also providing buses.

This matter was reported to Mr. Kemp and I now have his letter of May 23 reading:

"I am returning papers bearing your penciled memorandum regarding use of G.T.A. buses to transfer group between terminals, Chicago, when such group hold party tickets reading to and from Chicago.

"I am advised that the Pennsylvania Transportation Company will handle such group movements at the rate of 10¢ per capita."

This letter is for your information; in future will you please specify in all transportation notices that method of service is desired in Chicago between stations and whether these connections are made [illegible] by Passenger Representative or Agent and the exact number of persons should have in advance the exact service desired.

T. E. Ryland,
G.P.A.

E-4
Cys-S.W.Kemp
H.G.Gillis

NYC40

ted in U. S. A.)

PLAINTIFF'S EXHIBIT 88

NEW YORK CENTRAL SYSTEM

Plaintiff's Exhibit 88 Defendants Exhibit ( )Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.
No.
Roy E. Fuller - Official Court Reporter

Chicago, May 24, 1955

Mr. F. H. Baird:

Confirming our telephone conversation of even date, regarding the Chicago transfer situation -

I am genuinely impressed with the Keeshin proposition, and particularly his attitude.

I feel, were it not for the proposal submitted by Mr. Keeshin, that the Parmelee Company would be asking for a rate per coupon several cents higher than we are today paying.

I feel that the Parmelee Company could have been more alert in finding means to reduce their expenses, enabling a lower coupon rate, instead of holding out for different plans which would, in effect, guarantee Parmelee an increased rate when railroad traffic is declining.

The Keeshin proposal to replace equipment every thirty months is quite necessary, and it was given in a clear cut manner - and the equipment, being radio dispatched and air-conditioned, is to the advantage of the carriers.

I am confident that Mr. Keeshin can do the job better and I, therefore, recommend that the Keeshin Company be given the contract on the basis of his proposition.

S. W. Bone

Copy Mr. D. A. Fawcett

PLF EXH BAIRD 3/31/61

PLAINTIFF'S EXHIBIT 89

At Washington, October 6, 1955
141c A

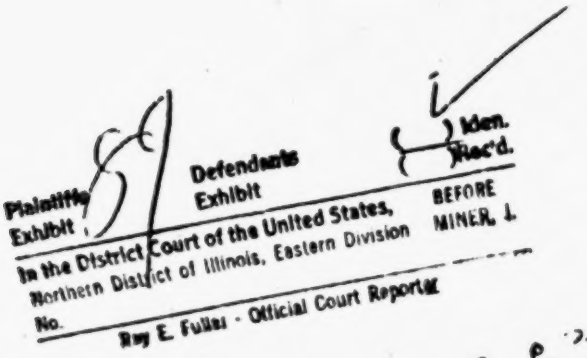
Mr. Symes:

Chairman Cross asked me to meet with him today to discuss the dirty car situation. There were also present Commissioners Johnson, Clark and Freas, as well as Mr. Taylor, of the Car Service Division.

After thoroughly reviewing the problem of policing, etc., it was agreed that the Commission would get out a notice urging the consignees to thoroughly clean the cars. The notice will also state that unless there is reasonable compliance, the Commission will recommend to Congress that punitive legislation be enacted. The issuance of this notice will be timed so as to be available at the annual meeting of the National Association of Advisory Boards that is to be held at Pittsburgh.

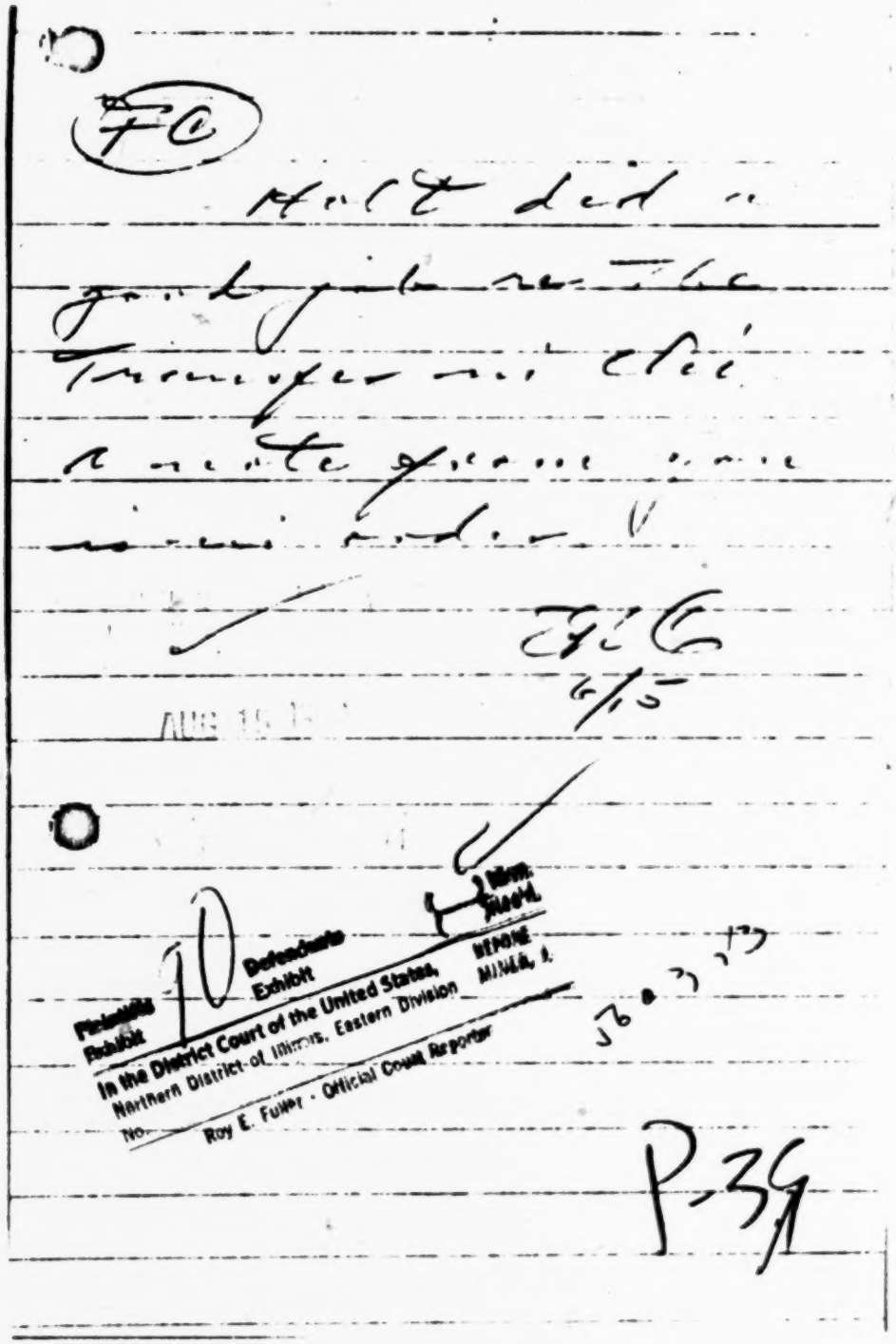
F. C.

cc: J.P.N.



76 e 3, 1/3

PLAINTIFF'S EXHIBIT 90



PLAINTIFF'S EXHIBIT 91

File

Philadelphia, June 16, 1955
File A

PENNSYLVANIA RAILROAD
JUN 16 1955

Mr. E. M. Holt.

Dear Ellsworth -

It is quite obvious that you have done an outstanding job in connection with the new transfer arrangements at Chicago, for which I should like to extend my sincere thanks and congratulations.

Fred Carpi

cc: [illegible]

Plaintiff's Exhibit
In the United States District Court of the United States, Northern District of Illinois, Eastern Division
No.
BEFORE MINER, J.
Roy E. Fuller - Official Court Reporter

Rec 3-23

PLAINTIFF'S EXHIBIT 92

Meeting of Chicago Terminal Lines - June 13, 1955.

Philadelphia, Pa., June 7, 1955
B

E. M. H.

Will you please attend the above meeting and let me have a prompt report thereon in duplicate.

I am especially interested in items Nos. 1, 7 and 9 and will appreciate full details on those matters.

E. R. C.

Plaintiff's Exhibit 12 Defendant's Exhibit
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
Ray E. Foster, Official Court Reporter
Je 3-13-3
JUN 9 1955
P. 6

PLAINTIFF'S EXHIBIT 92 (Continued)

TRUNK LINE-CENTRAL PASSENGER COMMITTEE
WESTERN PASSENGER ASSOCIATION

June 3, 1955

CALL FOR MEETING,
CHICAGO TERMINAL LINES
Room 336, Union Station, Chicago
MONDAY - JUNE 13, 1955
10:30 AM (DST)

Messrs:

J J Alms	R E Coleman	P G Nagle
2-T S Amis	E R Comer	2-T E Nerland
A N Anderson	H G Gillis	2-R W Ohlman
2-R T Anderson	W R Godley	A G Oldenquist
F H Baird	E E Gordon	E E Pierce
J A Barrett	H E Hay	H Sengstacken
R F Berndt	E M Holt	Geo F Sherman
3-J L Bickley	R E Jamieson	R R Spangenberg
2-S W Bono	2-G R Kimbel	R E Towns
3-J R Brennan	G G Kottenstette	2-R B Weaver
3-I C Bruce	2-T E LeSueur	R G Woods

(Chicago Terminal Lines)

Gentlemen:

Upon request, meeting of Chicago terminal lines is hereby called for the time and place indicated in the heading hereof, to consider the following questions:

1. TRANSFER OF PASSENGERS AND BAGGAGE BETWEEN STATIONS IN CHICAGO

2. OPENING OF A "WILL CALL" CHICAGO RAILWAYS' HOTEL TICKET OFFICE IN THE PRUDENTIAL BUILDING; ALSO QUESTION OF TICKET OFFICE LOCATED IN MORRISON HOTEL AND THE PRESENT "WILL CALL" OFFICE IN THE LAKE VIEW BUILDING arrg mgrs Authorized Officers

3. DISPOSITION OF SHORTAGES IN HOTEL TICKET OFFICE ACCOUNTS Absence of acctg forms

4. RAIL-AIR-BUS EDUCATIONAL FIELD TRIPS OF TEACHERS ATTENDING THE NATIONAL COUNCIL FOR EDUCATIONAL TRAVEL SESSION IN CONNECTION WITH THE NATIONAL EDUCATION ASSOCIATION CONVENTION IN CHICAGO, JULY 7, 1955

5. PLACING OF RAILROAD AND PULLMAN TICKETS IN TRAFFIC DEPARTMENTS OF COMMERCIAL ORGANIZATIONS

PLAINTIFF'S EXHIBIT 92 (Continued)

// 6. PROPOSED AUTOMATIC TELETYPEWRITER SYSTEM FOR INTERLINE RESERVATION TRAFFIC IN CHICAGO

7. SWITCHING TROOP TRAINS THROUGH CHICAGO

8. TAXICAB SERVICE AT THE ENGLEWOOD STATION

9. TRANSFER ARRANGEMENTS IN CHICAGO--Transfer charge to be added in connection with all through tickets where transfer is necessary

In view of the extreme importance of the subjects indicated above, and particularly Subject 1, it is urgently requested that you be personally present or authoritatively represented.

Yours truly,

E P PADRICK

A J WINKLER

Copy to Messrs:

J J Nolan
A J Winkler

List P-7
150-W

PLAINTIFF'S EXHIBIT 93

No. _____

Rev. F. Tuller, Official Court Reporter

...ay of Chicago Terminal Lines - June 15, 1950.

Hoxt Ex 2

...Chicago, Illinois, June 14, 1950
...1

...

Referring to your D of June 7 relative the ...

...We reported to you by telephone yesterday that ...with the close of business September 30, the Chicago Terminal ...will no longer require the services of the Parmelee Transportation Company and effective October 1, a new Company, name not yet ...l, headed by J. ...Breshin, will be given a 5 year contract to ...the transfer of passengers and baggage and other services ...provided by the Parmelee Company. Wherever the Parmelee name ...on tickets, timetables and tariffs, it should be changed ...over 1 and it is suggested that we merely use the phrase, ...Transfer Service, which would then be good for any Company ...

Item 3. ...pproval was given to move the present ...Office from the Lakeview Building to the new Prudential Building effective January 1, 1950.

Item 5. Terminal Lines approved recommendation ...Committee.

Item 6. Left to discretion of individual lines.

Item 8. The Chairman of the Chicago Terminal Lines ...ways and means of accomplishing for large industries that may have sufficient business to warrant placing tickets in their offices.

Item 9. Continued on the docket for further study.

Item 7. The Chairman advised that there had been ...ism and delays in switching of troop trains through Chicago and he urged that each railroad handle with their Operating Department to see that ...means the switching time allotted and the schedules be adhered to. The Chairman indicated that in the coming operation Gyroscope, it was highly important that the exact time of trains through Chicago, the exact operating schedules and arrival at destination be on schedule, for if this

PLAINTIFF'S EXHIBIT 93 (Continued)

[illegible] is successful, the railroads may be favored with [illegible] if not successful, our chances of securing [illegible] claim. He further advised the individual railroads that on [illegible] failures through Chicago, his office would immediately notify the traffic officers of the railroad involved for individual handling and instruction.

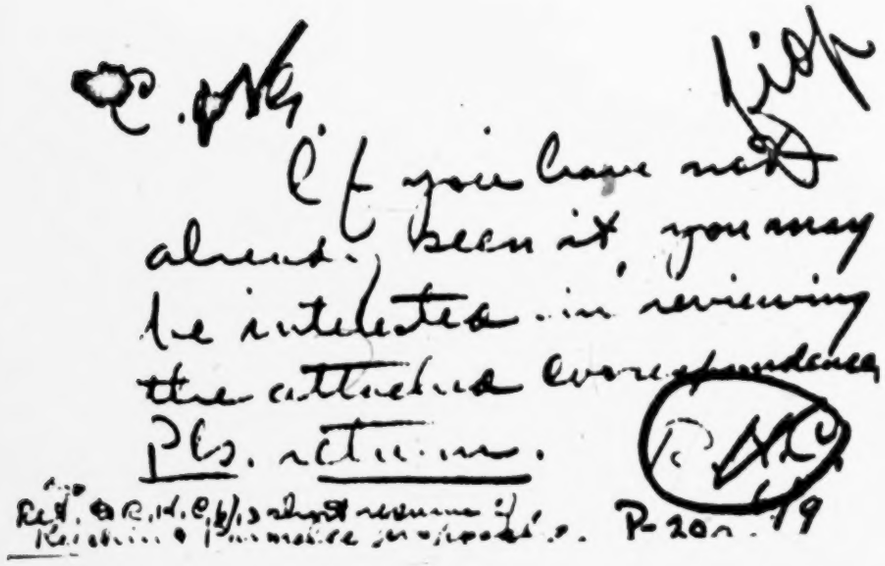
Item . Rock Island Railroad to handle with the [illegible] to provide proper taxicab service at Englewood Union Station.

Item . Continued on the docket by motion of one of the lines without any discussion whatsoever.

L. L. H.

cc:
W.L.H.
G.H.V.
C.B.P.
J.R.D.

PLAINTIFF'S EXHIBIT 94



PLAINTIFF'S EXHIBIT 95

Bone, Holt, Nelson, Quackenbush, Sloan written 3/22-55

Parmelee Transportation Company
[illegible] North Dearborn Street
Chicago 6, Ill.

Warren Martin
Chairman of the Board

March 15, 1955

Mr. E. B. Padrick, Chairman
Trans Continental Passenger Association
Union Station
Chicago 6, Illinois

Dear Mr. Padrick:

You will recall that towards the end of 1954 we were advised by you that a committee had been appointed by the railroads to explore the possibility of securing a lower rate for the services then and presently performed by Parmelee Transportation Company, and that they had offered the following suggestions:

1. That a study be made of the possibility of operating a fleet of tractors and trailers for the transfer of baggage between railroads.

2. That for passengers and hand baggage, a 20-minute schedule between railroads might be possible.

3. That we review our present operation to determine if any savings in cost could be accomplished which would thereby reduce the cost of the transfer service.

We have made an exhaustive study of these suggestions and have come to the following conclusions:

1. Regarding the operation of a fleet of tractor-trailers for transfer of baggage:

   a. The loading and unloading facilities at the depots are not adequate to accommodate the many trailers which would be required to perform this baggage service as the trailers would stand idle to await being loaded from time to time by the railroad baggage men until pick-up time.

   b. The railroad baggage employees would be required to load and unload the trailers, and we found that this kind of work is not being done presently at all depots and it is doubtful if the employees not now doing this kind of work could be required to do it without additional compensation and sanction from their Union.

PLAINTIFF'S EXHIBIT 95 (Continued)

Parmelee Transportation Company
300 South Dearborn Street
Chicago 6, Ill.

Morris Machin
Chairman of the Board

Mr. Padrick - continued

c. The initial investment required for the changeover from the type of equipment which we are presently using to trailers, which would be used solely for storage between pick-ups, could not be justified.

d. The driver manpower savings which could be effected by a tractor-trailer operation would be offset by the additional cost of loading and unloading of the baggage by the railroads because a tractor driver is not permitted by the Union to help load or unload.

e. The quality of service would be impaired because all of the railroads would not receive equal service.

2. Referring to the second suggestion, in order to meet a fixed schedule and to provide a better service, it would be necessary for the railroads to coordinate train arrivals and departures, and, as you know, this could not be accomplished due to conditions beyond the railroads' control. Without such coordination, a fixed schedule would destroy the flexibility of the service to the detriment of the passengers.

On February 4, 1955, we were advised by you to abandon the first two ideas and concentrate our efforts on the third suggestion regarding the possibility of a reduction in the price of coupons through economies to be obtained without any impairment of our present service, and this has been given a great deal of study.

It has always been the Parmelee Company's desire to keep the cost of the transfer service as low as possible under the present form of operation. Some reduction in the present rate of fare could be accomplished only through the purchase of new and larger equipment for transporting both passengers and baggage and with the cooperation of the railroads in the method of handling the baggage. Such undertaking will require the expenditure of approximately $500,000.00 over a period of from six months to a year, and we can only make this expenditure if we have a commitment from the railroads that we will be allowed to amortize it to December 31, 1961.

PLAINTIFF'S EXHIBIT 95 (Continued)

Parmelee Transportation Company
300 South Dearborn Street
Chicago 6, Ill.

Warren Parker
Chairman of the Board

-3-

1.20
1.25

Mr. Padrick - continued

We are prepared to make this investment and furnish the kind of service that the railroads and their passengers are accustomed to and, in that connection, we propose for your consideration the following.

1. That the railroads, by written agreement, will continue with our services until December, 1961.

2. That commencing with July 1, 1956, an adjustment of the coupon of one cent (1¢) for each increase or decrease of three cents (3¢) per hour in wages of the driver employees and that such adjustments shall continue yearly thereafter until the expiration of this contract.

3. That commencing with July 1, 1956, and yearly thereafter on July 1, the price of the coupon will be increased one cent (1¢) for each one per cent (1%) decrease in the number of coupons received by Parmelee during the base period, and the price of the coupon will be decreased one cent (1¢) for each one per cent (1%) increase in the number of coupons received by Parmelee during the base period.

4. That the basis for such computation should be established by the number of coupons received during the calendar year of 1955. In computing the total number of coupons the full fares shall be computed as one, the half fares computed as one-half and the furloughees shall be computed eighty-five one hundred twentieths.

5. That the baggage at all depots which is to be transferred by Parmelee shall be sorted and manifested by the railroads in triplicate.

6. That Parmelee will assume any increases in cost of labor between July 1, 1955 and June 30, 1956.

7. That Parmelee will assume any loss of revenue through the reduction in the number of coupons received between July 1, 1955 and June 30, 1956.

PLAINTIFF'S EXHIBIT 95 (Continued)

Parmelee Transportation Company
300 North Dearborn Street
Chicago 6, Ill.

Morris Markin
Chairman of the Board

-4-

Mr. Padrick - continued

8. That the present coupon rate will be reduced from $1.22 to $1.20 as of July 1, 1955.

9. That the charges for all other services will remain the same.

If the foregoing meets with your approval, we will incorporate these terms in a formal contract.

30 days

Yours very truly,

PARMELEE TRANSPORTATION COMPANY

Morris Markin

Morris Markin,
Chairman of the Board

MM:ls

PLAINTIFF'S EXHIBIT 96

Parmelee Transportation Company
300 South Dearborn Street
Chicago 6, Ill.

N.Y.C. SYSTEM
MAY 23 1955
P. T. M. CHICAGO

M. Markin
Chairman of the Board

May 20, 1955

Mr. S. a. Bone
Passenger Traffic Manager
New York Central System
LaSalle Street Station
Chicago, Illinois

Dear Sid:

After reviewing the proposal presented yesterday, we hereby suggest the following amendment:

The base rate shall be established at $1.20. There shall be an increase of 1¢ for each 3¢ increase in the cost of labor. The maximum rates under this formula are as follows:

For the year commencing July 1, 1955 -	$1.20
For the year commencing July 1, 1956 -	1.22
For the year commencing July 1, 1957 -	1.23
For the year commencing July 1, 1958 -	1.24
For the year commencing July 1, 1959 -	1.25
For the year commencing July 1, 1960 -	1.25

To date, Parmelee has served the railroads for 102 years with no written contract, only the railroads' verbal commitment. We are still ready to honor the verbal commitment of the railroads for the next five years as per our understanding, without a written contract unless the railroads desire to have such a contract.

Yours very truly,

M. Markin

MM:MS

PLAINTIFF'S EXHIBIT 97

L. KEESHIN • 723 FIRST NATIONAL BANK BUILDING • CHICAGO 3, ILLINOIS

December 16, 1954

Mr. S. W. Bone
Passenger Traffic Manager
New York Central System
LaSalle Street Station
Chicago 5, Illinois

Dear Mr. Bone:

I am attaching hereto our proposal which could be the basis for a contract to be entered into between ourselves and the various Railroads involved.

If there are any questions concerning the subject matter of this proposal, please contact me and I shall be very happy to arrange an interview at a time and place convenient to you.

Very truly yours,

J. L. Keeshin

J. L. Keeshin

Enclosures

P.S. We are also attaching several pieces of advertising material of the type of equipment we plan to install in the vehicles we contemplate purchasing and using in the passenger and baggage service.

PLAINTIFF'S EXHIBIT 97 (Continued)

PROPOSAL FOR THE TRANSFERRING AND HANDLING OF PASSENGERS AND BAGGAGE BETWEEN THE STATIONS LOCATED IN THE CHICAGO AREA AND OTHER LOCATIONS AS ITEMIZED.

I am pleased to submit our proposal in regard to contracting for the transferring of passengers and baggage through Chicago, from the following stations: in Chicago the eight passenger stations (six so-called steam train terminals and two electric train terminals) as follows:

Dearborn Station	Dearborn and Polk
Grand Central Terminal	Harrison and Wells
Union	Canal and Adams
Central	Michigan and Eleventh Place
LaSalle	LaSalle and Van Buren
Northwestern	Madison and Canal
Chicago-North Shore	Adams and Wabash
Chicago-South Shore	Randolph and Michigan

A careful analysis has been made regarding the efficiency of the specific operations from and to these stations in the handling of passengers and baggage, the transferring of corpses, scheduling the delivery of baggage and passengers to and from the different stations, and the type of automotive equipment that should and will perform a satisfactory service.

We have carefully gone into the requirements in the transferring of passengers and baggage between the various stations as outlined, and have arrived at the conclusion that we can effect a faster transfer service of baggage. We also hope to improve on the handling of passengers by having available the latest and most modern vehicles, with all of the latest safety features and designed to afford the passengers safer and more comfortable riding.

It is our proposal to arrange to supply a sufficient amount of 20 ft. trailers equipped to operate satisfactorily to and from the stations as outlined. This operation commonly known as the Shuttle System will result in several transfers of baggage daily between stations. We believe that with this type of service, the results will bring about a considerable improvement in comparison to present day operations. Because of our com-

PLAINTIFF'S EXHIBIT 97 (Continued)

templated Shuttle Service we are inclined to believe, after a careful analysis, that the baggage can generally accompany the passenger on the train on which passenger is scheduled to depart.

With regard to transporting passengers between stations we will purchase a large fleet of modern, deluxe eight-passenger station wagons equipped with hydromatic drive, plus a modern type of air conditioning units with temperature control. Each individual station wagon will be equipped with an R.C.A. mobile radio unit.

It is our intention to set up at the LaSalle Street Station, a Central Dispatch System with the necessary radio equipment and manpower to facilitate our control to best utilize the drivers and automotive power. Later this radio control might be extended to our tractor equipment also, if that should become necessary.

The passenger equipment will have a large type heater to afford the passengers the same kind of winter comfort as the air conditioning units will provide for the summertime travelers. We feel that these kind of innovations will prove to be an added attraction for the travelers passing through the Chicago gateway. We also believe that the winter and summer comforts, and conveniences provided by the modern Deluxe railroad cars of today should be duplicated, as much as possible, in the automotive vehicle that is the connecting line between trains.

Our study of the movements of passengers convinces us that a radio control and dispatch will do much to eliminate passenger irritation caused by unnecessary delays because we are sure that it will be able to dispatch the equipment to whatever station may have a peak load of passengers on short notice at any intervals during the working day. We think it might also prove of real value in the instances of late arrivals of trains, or under other abnormal and emergency conditions. A further advantage of radio control, in our opinion, might be that the vehicle and driver will be instantly dispatched to transfer passengers with only a limited time to make the necessary train connections.

PLAINTIFF'S EXHIBIT 97 (Continued)

It will be our plan to keep our automotive units immaculate with a distinctive color scheme that will present a fine appearance, and which will be a fine advertisement for both the railroad and ourselves. We plan to have each passenger vehicle washed as often as is necessary, and particular care will be maintained to have the equipment clean, safe and sanitary inside and out.

The equipment we plan to purchase will be fully equipped with adequat luggage carriers manufactured of chrome and nickel, and with roll-back covers to protect the baggage of the passengers against dust and bad weather.

Because we plan on having a fleet of automotive units that will be an Ad for both of us, we do not intend to keep the individual units in our possession for a period to exceed thirty months. To say this differently, we undoubtedly will start replacing all automotive units within two years, with a maximum of two and one-half years. We feel that this kind of automotive passenger equipment will afford the traveling public a greater convenience in their passage through the Chicago gateway. We hope, in this way, to attract more fares for the railroads we will serve, and for the service which we are offering to contract to provide.

Before leaving this subject it might be well to call your attention to the attached list of exhibits pertaining to the various features of the passenger transport service between stations. As you will note, we have most of the necessary statistics to have some understanding of the fluctuation of the number of passengers during certain seasons, specific months, and even the hourly differences and peaks during the individual days. This exhibit and the resultant investigation and studies have lead us to the conclusion that we can estimate that one million three hundred thousand passengers will use our transfer service. We have allowed a five percent differential either up or down, in estimating the amount of manpower and equipment that will be necessary to provide for the railroads the satisfactory and efficient service to handle the number of passengers and baggage as outlined. Our projected estimates and figures are based on the period from July 1, 1955 through June 30, 1956.

PLAINTIFF'S EXHIBIT 97 (Continued)

We are willing and able to supply insurance coverage that is above normal limits. Our Public Liability Insurance coverage will be for the amount of $100,000 per person and $500,000 per singlecatastrophe. Our Property Damage Insurance coverage will be $50,000 to $100,000. In addition, we will supply a Cargo Insurance Policy to cover loss due to theft of the baggage or other articles transported between stations on our vehicles. Of course we will also carry full compensation insurance for our own employes, and we will purchase an indemnity bond to protect the general public, and our passengers, against any dishonesty act on the part of an employe. Naturally, we expect to arrange to supply to each railroad a copy of all these policies and will arrange that our policies protect the railroads.

During the time that we have been making our study of this subject, we have also been meeting with certain union officials regarding the wage factors involved, and certain working conditions that would be included in the applicable union contract.

We would like to interject at this point that the union that would be involved has been an organization with which my companies have dealt for more than thirty years. I would also like to add that the relationship existing between this union organization and myself, and my companies, has been eminently satisfactory.

The union referred to is Drivers Union Local 706, and most of our meetings and conferences have been with Mr. Edward Fenner, who has directed the activities of this Local for a number of years. I have been assured that we can arrive at a contract which will give us a satisfactory basis for the charges and rates we are submitting in this bid proposal. Most of the working conditions and other matters which are present in the usual union contract of this type have been discussed, and a thorough understanding has been arrived at. It should be understood that there will be a change in the local union contract which will be effective should we be awarded the contract. This change in union affiliation will not create any confusion or difficulties in the operation of our contemplated services.

PLAINTIFF'S EXHIBIT 97 (Continued)

Based upon the facts outlined in this letter and other data which we have studied, we are prepared to submit a price of $1.20 per coupon for the transfer of passengers and baggage between stations. This charge per coupon is based on our cost analysis of the factors involved plus our labor contract which will become effective July 1, 1955 through June 30, 1956. If at the end of the first year's union contract there should be a wage increase, we would like to arrange to be protected by an escalator clause to be as follows: for each 5¢ increase in the direct wage cost, we would expect to receive a 1¢ increase per coupon. Because of our complete confidence in the future of the Railroad Industry, and because of their constant desire to improve their equipment and service, we will not hesitate to invest whatever amount of capital may be required so that we may also be a partner in the future growth and progress of that industry. Our estimate of the amount of capital required to furnish all the facilities and equipment necessary will exceed $[illegible]00,000. Because of the large amount of capital invested in this operation to best provide the type of service and equipment we feel will best service the needs of all concerned, we are prepared to enter into a contract agreement for a period of five years. We feel that a contract of five years duration offers both you and us the best opportunity to provide a permanent and satisfactory service, and to build a fine and mutually advantageous business relationship.

The charges for delivery of baggage to the several locations within the city of Chicago, and to the suburbs specifically mentioned in the list attached will be the same as the charges presently assessed at this time.

As previously discussed, it is understood that we will arrange to spot semi-trailer equipment at baggage room docks for the purpose of loading or unloading of baggage by baggage-room employes. It is understood that baggage may be loaded and unloaded by baggage-room employes providing our tractors are not attached to the trailers. This trailer equipment will be spotted without tractors at the following stations: Grand Central, Chicago and Northwestern, Union, LaSalle, Central and Dearborn Stations. We feel that this method of operation will provide opportunities for certain

PLAINTIFF'S EXHIBIT 97 (Continued)

savings in your direct labor costs. It will, of course, be advantageous to us and it will afford us an opportunity to expedite the transfer of baggage between stations.

We have made a thorough study of the costs factors involved and believe that we can render a complete and satisfactory service which shall prove profitable.

We also plan to purchase several pieces of light pickup truck equipment to handle special movements of baggage and other traveling equipment for special groups such as show people, sports, or any other groups of individuals requiring special service. Our charges for this type of equipment and service will be $7.00 per hour. It is understood that these charges will be applicable only for special moves by the type of equipment described.

The other special movement, such as the transportation of a corpse - to illustrate one, will be the same as the rate now in effect, namely, $7.50.

Any or all other movements of articles not covered in the proposal above can be the subject of further discussion at any time convenient to yourselves. You may be sure that equitable and fair charges will be assessed subject to your approval.

Mr. James U. Snydacker, Vice President of the First National Bank of Chicago, can be contacted on any question concerning credit and the financial responsibility of the writer. He will be happy to supply any financial data you may require.

Submitted by:
J. L. Keeshin
723 First National Bank Building
Chicago 3, Illinois Phone: ANdover 3 6685

December 15, 1954

PLAINTIFF'S EXHIBIT 97 (Continued)

NUMBER OF CARS AND PASSENGERS HANDLED IN BASE PERIOD
AVERAGE OF TWO DAYS IN MARCH, 1954
FIGURES FURNISHED BY RAILROAD

Schedule 1

HOURS	ILLINOIS CENTRAL		GRAND CENTRAL		DESPLAINES		LASALLE		NORTHWESTERN		UNION		CAR TOTAL	PASS. TOTAL	PERCENT TO TOTAL
	CAR	PASS.	CAR	PASS.	CAR	PASS.	CAR	PASS.	CAR	PASS.	CAR	PASS.	CAR	PASS.	
7-8	9	27	5	17	26	138	19	86	19	90	24	91	102	449	15.5%
8-9	10	34	13	47	5	15	14	45	24	83	15	45	81	269	10.0
9-10	6	20	1	1	23	110	14	25	12	-	16	42	72	198	6.8
10-11	5	20	-	-	2	4	1	1	12	28	2	4	22	57	2.0
11-12	-	—	7	23	2	4	12	65	30	133	15	78	66	303	10.4
12-1	12	44	-	-	1	4	9	30	3	3	4	9	29	90	3.1
1-2	8	28	-	—	4	8	7	10	13	69	22	92	54	207	7.1
2-3	14	67	11	43	8	15	4	4	5	7	25	142	67	278	9.6
3-4	5	16	-	-	12	55	15	56	22	70	23	160	77	357	12.3
4-5	12	45	-	-	-	-	9	15	10	3	5	36	36	99	3.4
5-6	-	-	-	-	17	6	8	33	7	-	9	30	41	69	2.4
6-7	1	4	-	-	-	-	2	4	3	4	3	7	9	19	.7
7-8	6	25	-	-	-	-	3	4	14	49	8	22	31	100	3.4
8-9	11	47	3	3	8	36	3	9	8	19	10	40	43	214	7.4
9-10	6	14	-	-	4	11	13	28	11	41	12	52	46	146	5.0
10-11	6	15	-	-	-	-	-	-	1	1	5	12	12	27	.9
													788	2,902	

1,300,000

AVERAGE PASSENGERS PER MONTH BASED ON 1,300,000 PASSENGERS A YEAR

Schedule 2

MONTH	* PERCENT TO TOTAL	NO. OF PASSENGERS	SEARBORN 17%	UNION 23%	GRAND CENTRAL 6%	NORTH WESTERN 15%	LASALLE 25%	ILL. CENTRAL 10%	SOUTH SHORE 1%	NORTH SHORE 3%
January	9.15	118,300	20,111	27,209	7,098	17,745	29,575	11,830	1,183	3,549
February	6.5	84,500	14,365	19,435	5,070	12,675	21,125	8,450	845	2,535
March	7.3	94,900	16,133	21,827	5,694	14,235	23,725	9,490	949	2,847
April	7.3	94,900	16,133	21,827	5,694	14,235	23,725	9,490	949	2,847
May	7.3	94,900	16,133	21,827	5,694	14,235	23,725	9,490	949	2,847
June	10.1	131,300	22,321	30,199	7,878	19,695	32,825	13,130	1,313	3,939
July	10.8	131,300	22,321	30,199	7,878	19,695	32,825	13,130	1,313	3,939
August	10.5	136,500	23,205	31,395	8,190	20,475	34,125	13,650	1,365	4,095
September	8.5	110,500	18,785	25,415	6,630	16,575	27,625	11,050	1,105	3,315
October	7.3	94,900	16,133	21,827	5,694	14,235	23,725	9,490	949	2,847
November	6.5	84,500	14,365	19,435	5,070	12,675	21,125	8,450	845	2,535
December	9.5	123,500	20,995	28,405	7,410	18,525	30,875	12,350	1,235	3,705

* These percentage figures are taken from a report presented by the railroads.

PLAINTIFF'S EXHIBIT 97 (Continued)

AVERAGE NUMBER OF PASSENGERS PER DAY
BASED ON SCHEDULE #2

Schedule 3

MONTH	* PERCENT TO TOTAL	NO. OF PASS.	DEARBORN UNION		GRAND CENTRAL	NORTH WESTERN	LASALLE	ILL. CENTRAL	SOUTH SHORE	NORTH SHORE
January	9.15	3,942	670	907	237	592	986	394	39	118
February	6.5	2,817	479	648	169	423	704	282	28	84
March	7.3	3,163	537	728	189	474	791	317	32	95
April	7.3	3,163	537	728	189	474	791	317	32	95
May	7.3	3,163	537	728	189	474	791	317	32	95
June	10.1	4,373	744	1,006	263	656	1,094	437	44	131
July	10.1	4,373	744	1,006	263	656	1,094	437	44	131
August	10.5	4,550	773	1,046	273	682	1,134	455	46	136
September	8.5	3,683	626	847	221	553	921	368	37	111
October	7.3	3,163	537	728	189	474	791	317	32	95
November	6.5	2,817	479	648	169	423	704	282	28	84
December	9.5	4,117	700	947	243	617	1,029	412	42	123

* These percentage figures were taken from Schedule #1

[illegible] Schedule 4

HOURS	PERCENT TO TOTAL	3,942 P[illegible]	670 [illegible]	907 [illegible]	257 [illegible],	992 S.S.,	986 [illegible]	394 Ex.Cert.,	39 S.S.	118 S.S.	TOTAL [illegible]
7-8	15.5%	611	8 104	11 141	5 77	8 92	12 120	6 61	2 6	3 18	55
8-9	10.0	394	6 67	8 91	3 24	6 59	8 99	4 39	1 4	2 12	36
9-10	6.8	268	5 46	6 62	2 16	4 40	6 67	3 27	1 3	2 8	29
10-11	2.0	79	3 13	3 18	1 5	2 12	3 20	2 8	1 1	1 2	16
11-12	10.4	410	7 70	9 94	3 25	6 41	8 103	4 41	1 4	2 12	49
12-1	3.8	122	3 21	3 28	2 8	3 18	3 31	2 12	1 2	1 4	18
1-2	7.1	280	5 48	6 64	2 17	5 42	7 70	3 28	1 3	2 8	31
2-3	9.6	378	6 64	7 87	3 23	6 57	8 95	4 38	1 4	2 11	37
3-4	12.3	473	8 82	9 112	3 29	6 73	10 121	5 48	1 5	3 15	45
4-5	3.4	134	3 23	4 31	2 8	3 20	4 34	3 13	1 2	1 4	21
5-6	2.4	94	3 16	3 22	2 6	3 14	3 24	2 9	1 1	1 3	18
6-7	.7	28	2 5	2 6	1 2	1 4	2 7	1 3	1 1	1 1	11
7-8	3.4	134	3 23	4 31	2 8	3 20	4 34	3 13	1 2	1 4	21
8-9	7.4	292	5 50	6 67	3 18	5 44	7 73	3 30	1 3	2 9	32
9-10	5.0	197	4 34	5 45	3 12	4 30	5 50	3 20	1 2	2 6	27
10-11	.9	35	6 60	2 8	1 3	2 6	2 9	1 4	1 1	1 1	16
TOTALS		3,942	[illegible] 670	[illegible]907	257	992	986	394	39	118	

The first of each pair of columns represent the number of vehicles considered necessary to carry the passengers which we forecast will arrive at each station.

The second column represents the number of passengers we anticipate will arrive. These figures are based on Schedules numbered VI ( ) and VI).

PLAINTIFF'S EXHIBIT 87 (Continued)

AVERAGE NUMBER OF PASSENGERS PER DAY AND PER HOUR FOR THE MONTH OF SEPTEMBER

HOURS	PERCENT TO TOTAL	NO. PASSENGERS	BRADDOCK		HITCH		GRAND CENTRAL		NORTH WESTERN		LASALLE		ILL. CENTRAL		S.S.		N.S.		TOTAL VEHIC
7-8	15.5%	572	8	97	11	131	4	34	7	86	12	143	5	57	1	8	2	17	50
8-9	10.0	368	7	63	7	85	3	22	5	55	8	92	4	37	1	4	2	11	49
9-10	6.8	250	4	43	5	58	2	15	4	38	7	63	3	25	1	3	2	8	28
10-11	2.0	74	2	13	2	17	1	4	2	11	2	18	2	7	1	1	1	3	13
11-12	10.4	383	7	65	7	88	3	23	5	58	8	96	4	38	1	4	2	12	37
12-1	3.8	114	3	19	3	26	2	7	2	17	4	29	2	11	1	2	1	3	18
1-2	7.1	261	4	44	5	60	2	16	4	39	7	65	3	26	1	2	2	6	28
2-3	9.6	354	7	60	7	81	3	21	5	53	8	88	4	35	1	3	2	11	37
3-4	12.3	453	7	77	8	104	3	27	7	66	8	113	4	45	1	5	2	14	49
4-5	3.4	125	3	21	4	29	2	8	3	19	4	31	2	13	1	1	1	4	20
5-6	2.4	88	2	15	3	20	1	5	2	13	3	22	2	9	1	1	1	3	15
6-7	.7	26	1	4	1	6	1	2	1	4	1	6	1	3	1	1	1	1	8
7-8	3.4	125	3	21	4	29	2	8	3	19	4	31	2	13	1	1	1	4	20
8-9	7.4	272	4	46	7	63	2	15	4	41	7	68	3	27	1	2	2	8	30
9-10	5.0	184	4	31	4	42	2	11	3	28	5	46	3	18	1	2	1	6	23
10-11	.9	33	1	6	2	8	1	2	1	5	2	8	1	3	1	1	1	1	10
TOTAL		3,683		626		847		221		553		921		368		57		111	

The first of each pair of columns represent the number of vehicles considered necessary to carry the passengers which we forecast will arrive at each station.

The second column represents the number of passengers we anticipate will arrive. These figures are based on Schedules #1, #2, and #3.

AVERAGE NUMBER OF PASSENGERS BY DAY AND
BY HOUR FOR THE MONTHS OF JUNE, JULY AND AUGUST

HOURS	PERCENT TO TOTAL	NO. PASSENGERS	DEARBORN		BUICK		GRAND CENTRAL		NORTH WESTERN		LASALLE		ILL. CENTRAL		S. S.		N. S.		TOTAL VEHICL
7-8	15.5%	678	8	115	12	155	4	41	8	101	14	170	7	68	2	7	3	20	56
8-9	10.0	437	7	74	8	100	4	26	7	65	8	109	4	44	1	4	2	13	40
9-10	6.8	297	5	51	7	69	2	18	4	43	7	74	4	30	1	3	2	9	32
10-12	2.0	87	2	15	3	20	1	5	2	13	3	22	2	9	1	1	1	3	15
12-12	10.4	455	7	77	8	105	4	27	7	68	8	114	4	45	1	4	2	14	41
12-1	3.1	136	4	23	4	31	2	8	3	20	4	34	2	14	1	1	1	4	21
1-2	7.1	310	5	53	7	71	2	19	4	47	7	78	4	31	1	3	2	9	32
2-3	9.6	420	7	71	8	96	4	25	7	61	8	105	4	42	1	4	2	13	40
3-4	12.3	537	8	92	9	124	4	32	7	63	11	135	5	54	1	5	2	16	47
4-5	3.4	149	4	25	4	34	2	9	3	22	4	37	2	15	1	1	1	4	21
5-6	2.4	105	2	18	3	24	1	6	2	16	3	26	2	10	1	1	1	3	15
6-7	.7	31	1	5	2	8	1	2	1	5	2	8	1	3	1	1	1	1	10
7-8	3.4	149	4	25	4	34	2	9	3	22	4	37	2	15	1	1	1	4	21
8-9	7.4	324	5	55	7	74	2	19	4	49	7	81	4	32	1	3	2	10	32
9-10	5.0	219	4	37	5	50	2	13	4	33	5	55	3	22	1	2	1	6	25
10-11	.9	40	2	7	2	9	1	2	1	6	2	10	1	4	1	1	1	1	11
TOTAL		4,373		744		1,006		263		656		1,094		437		44		131	

The first of each pair of columns represent the number of vehicles considered necessary to carry the passengers which we forecast will arrive at each station.

The second column represents the number of passengers we anticipate will arrive. These figures are based on Schedules #1, #2, and #3.

AVERAGE NUMBER OF PASSENGERS BY DAY AND BY HOUR FOR THE MONTHS OF FEBRUARY AND NOVEMBER

HOURS	PERCENT TO TOTAL	NO. PASSENGERS	BRANCHES		UNION		GRAND CENTRAL		NORTH WESTERN		LASALLE		ILL. CENTRAL		S. S.		N. S.		TOTAL VEHICLE
7-8	15.5%	437	7	74	8	101	3	26	6	66	8	109	5	44	1	4	3	13	41
8-9	10.0	282	5	48	6	65	3	17	5	42	7	71	3	28	1	3	2	8	36
9-10	6.8	192	4	33	5	44	2	11	3	29	5	49	3	19	1	2	1	6	24
10-11	2.0	56	2	10	2	13	1	3	2	8	3	14	1	6	1	1	1	2	13
11-12	10.4	293	5	50	6	67	3	18	5	44	7	73	4	30	1	3	2	9	33
12-1	3.1	87	3	15	3	20	1	5	2	13	3	22	2	9	1	1	1	3	16
1-2	7.1	200	4	34	5	46	2	12	3	30	5	50	3	20	1	2	1	6	24
2-3	9.6	270	5	46	6	62	3	16	5	41	7	68	3	27	1	3	2	8	32
3-4	12.3	346	6	59	7	80	3	21	6	52	7	87	4	35	1	3	2	10	35
4-5	3.4	96	3	16	3	22	1	6	2	14	3	24	2	10	1	1	1	3	17
5-6	2.4	68	3	12	3	16	1	4	2	10	3	17	2	7	1	1	1	2	16
6-7	.7	20	1	3	1	5	1	2	1	3	1	5	1	2	1	1	1	1	8
7-8	3.4	96	3	16	3	22	1	6	2	14	3	24	2	10	1	2	1	3	16
8-9	7.4	208	4	35	5	48	2	13	3	31	5	52	3	21	1	2	1	6	24
9-10	5.0	141	3	24	4	33	2	8	3	21	4	35	3	14	1	2	1	4	21
10-11	.9	26	1	4	2	6	1	2	1	4	2	6	1	3	1	1	1	1	10
	TOTAL	2,819		479		648		169		423		704		282		28		84	

The first of each pair of columns represent the number of vehicles considered necessary to carry the passengers which we forecast will arrive at each station.

The second colum represents the number of passengers we anticipate will arrive. These figures are based on Schedules #1, #2 and #3.

AVERAGE NUMBER OF PASSENGERS BY DAY AND
BY HOUR FOR THE MONTHS OF MARCH, APRIL, MAY AND OCTOBER

HOURS	PERCENT TO TOTAL	NO. PASSENGERS	PEARDON		UNION		GRAND CENTRAL		NORTH WESTERN		LASALLE		ILL. CENTRAL		S. S.		N. S.		TOTAL VEHICL
7-8	15.5%	490	7	83	8	113	4	29	7	73	9	123	5	49	2	5	2	15	44
8-9	10.0	316	5	54	7	73	3	19	5	47	7	79	4	32	1	3	2	9	34
9-10	6.8	215	4	37	5	50	2	13	4	32	5	54	3	22	1	2	1	6	25
10-11	2.0	63	2	11	2	15	1	4	2	9	2	16	1	6	1	1	1	2	12
11-12	10.4	329	5	54	7	76	3	20	5	49	7	82	4	33	1	3	2	10	34
12-1	3.1	98	2	17	3	23	1	6	2	15	3	25	2	10	1	1	1	3	15
1-2	7.1	225	4	38	5	52	2	14	4	34	5	56	3	23	1	2	2	7	26
2-3	9.6	304	5	52	7	70	3	18	5	45	7	76	4	30	1	3	2	9	34
3-4	12.3	389	6	66	7	90	3	23	5	58	8	97	4	39	1	4	2	12	36
4-5	3.4	108	2	18	3	25	2	7	2	16	3	27	2	11	1	1	1	3	16
5-6	2.4	76	2	13	2	17	1	4	2	11	3	19	2	8	1	1	1	2	14
6-7	.7	22	1	4	1	6	1	2	1	3	1	6	1	2	1	1	1	1	8
7-8	3.4	108	2	18	3	25	3	7	2	16	3	27	2	11	1	1	1	3	17
8-9	7.4	234	4	39	5	54	2	14	4	35	5	59	3	23	1	2	2	7	26
9-10	5.0	158	3	47	4	37	2	9	3	24	4	40	2	16	1	2	1	5	22
10-11	.9	28	1	5	2	7	1	2	1	4	2	7	1	3	1	1	1	1	10
	TOTAL	3,163		537		728		189		474		791		317		32		95	

The first of each pair of colums represent the number of vehicles considered necessary to carry the passengers which we forecast will arrive at each station.

The second column represents the number of passengers we anticipate will arrive. These figures are based on Schedules #1, #2, and #3.

PLAINTIFF'S EXHIBIT 98

C O P Y

J. L. KEESHIN
723 First National Bank Building
Chicago 3, Illinois

January 15, 1955

Mr. Sidney W. Bone
Passenger Traffic Manager
New York Central System
LaSalle Street Station
Chicago 5, Illinois

Dear Mr. Bone:

This will have reference to your letter of January 11, 1955, in connection with the Chicago Association of Commerce and Industry bulletin covering the truck drivers' recent three year labor wage contract.

The contracts in question were concluded for a three year period, setting up for the first year, ten cents an hour wage increase, a five cent an hour pension fund, and an additional $2.75 a week welfare fund including hospitilization and medical care.

Since the labor contract is now settled covering a three year period, I am willing to correct our original proposal on the escalator clause so that the rate per coupon for the second year will be $1.22 per coupon, and the third year will be $1.23 per coupon. The only revision will be the one cent increase covering the third year.

To summarize, we will protect a $1.20 per coupon rate for the first year, $1.22 coupon rate for the second year, and $1.23 for the third year.

There may be a question raised by your committee concerning peaceful labor relations in the event we are awarded the contract. Let me assure you and your committee that this subject has been gone into most thoroughly, both with Mr. Edward Fenner who is the head of the Drivers' Union Local 705, and also with Mr. James Hoffa, the International Executive Vice-President of the drivers' union, and they have assured me of every cooperation to maintain complete harmony in order to have a satisfactory service available at all times. They would be glad to meet with your committee to give them their personal assurance.

Sincerely,
(sgd) J.L.Keeshin

PLAINTIFF'S EXHIBIT 99

COPY

J. L. KEESHIN - 723 First National Bank Building - Chicago 3, Illinois

April 6, 1955.

Mr. Sidney W. Bone
Passenger Traffic Manager
New York Central
LaSalle Street Station
Chicago 5, Illinois

Dear Mr. Bone:

Since returning from an extended trip abroad, I had the occasion to review my file covering our proposal submitted to you in connection with the handling of passengers and baggage between the several railroad stations in Chicago. In reviewing my letter to you dated December 15, 1954, as well as the one of January 15, 1955, I note I was not entirely specific in several instances, and in order to convey a clear and concise picture to those concerned, I would appreciate it if you would kindly accept the following clarifications:

a) After an exhaustive study and consideration of the facts before me, I believe further enlightenment covering use of 20' trailers for the purpose of transporting passenger baggage is called for.

b) Agents will be assigned to take care of passenger requirements, and will be available at all stations sixteen hours a day.

c) Observation reveals the handling of baggage by your employes could be reduced. The present method of handling the baggage onto your baggage hand trucks, unloading and stowing on the floor in baggage rooms, and reloading creates congestion and contributes to the loss and damage potential. Our plan tends to diminish the handling and labor involved. Your employes would merely drop the baggage directly on the trailer, rather than go thru the several handling chores observed during our survey, and would neither stack nor load baggage on trailers.

d) The loading and unloading facilities have been thoroly studied by us at the depots. Our proposal involves activating a central consolidating station in the event all stations cannot handle the same amount of trailers. At this centrally located point, all baggage would be moved and sorted for ultimate delivery to respective stations.

e) Under this plan there would be no idle equipment. The 20' trailers proposed to be used by us have been found economical and mechanically sound. Our survey convinces us that the use of these units would contribute without question to the reduction of handling, congestion and confusion, and the transfers would be completed every 90 minutes of the day. My experience over the past 38 years convinces me that the use of tractor trailer equipment of the design and make we propose to use will prove more economical, and add to the overall efficiency of the baggage transfer.

PLAINTIFF'S EXHIBIT 99 (Continued)

f) Our union labor regulations do not restrict the driver performing this service. The loading and/or unloading would entail no additional cost to the railroads, but rather reduce the overall costs in manpower presently in use.

g) These plans, if not acceptable to the railroads may be accepted as optional. However, in place of the present 12' or 14' bodies, we would infinitely prefer using the 20' trailer for the baggage transfer which would be more flexible and have more loading space than a straight truck with a 14' body. Furthermore, a cab over engine tractor with a 20' trailer affords greater maneuverability than a straight truck in congested downtown areas and with the driver unloading and/or loading, the savings should be obvious.

h) In our original proposal, we should have stated in the event the railroad management interposed objections to, or doubted the feasibility of the trailer plan outlined above, we would eliminate it and substitute an operation similar to what you now have, except in place of a straight truck which has either a 12' or 14' body. I would strongly urge the use of a 20' trailer for the transfer of baggage, and our drivers would be responsible for the loading and unloading as is presently being performed. We assure you that our many years of experience dictates to us that this would be in the best interest of all concerned. Our union labor regulations do not restrict the drivers performing this service.

i) The supplemental letter of January 15, 1955 was written immediately prior to my leaving on my trip. I note that I failed to outline that my proposed rate ranging from $1.20 per coupon for the first year, $1.22 per coupon for the second year, and $1.23 per coupon for the third year, protects the railroad management against any further increases, and in no way would affect the rate in the event of any decline in passenger traffic. Our escalator clause applies on the basis of every 5 cents an hour increase in wages commencing with the fourth year, the increase rate per coupon would be 1 cent, and of course on any decrease in wages, the same formula would apply on a reduction, i. e., 1 cent per coupon for every 5 cents an hour decrease.

j) To reiterate, any decrease which might confront you in passenger traffic, will in no way affect our proposed rate, or the efficiency of the service. That is a fixed guarantee for three years, and we submit any economical change in this operation would be one for management to cope with, and adjust according to the dictates of its experience and ability.

The writer has been actively engaged in the field of transportation for 38 years and feels completely confident that the mechanics and methods proposed to your association are sound and workable. The type of service we would render is based on a cooperative effort to assist the railroad management with their program of modernistic and efficient equipment and services.

PLAINTIFF'S EXHIBIT 99 (Continued)

We submit that the present modern improvements by the railroads should be carried further to afford a deluxe service to the passengers using the "bridge service" between Chicago stations. The equipment to be used by us will be radio-phone controlled, air conditioned during the summer months, and chauffeured by specialists in their field. It is felt that the accompanying publicity telling the public of the improved comfort at their disposal when transferring at the Chicago gateway, will in some measure prove helpful in eliminating further decrease of passenger traffic in this region, and prove consistent with the railroads' endeavors to improve their service wherever possible in the public interest.

If there are other items that are not properly clarified, I would appreciate an opportunity to meet with your committee to discuss all matters involved in this proposal.

Very truly yours,

/s/ J. L. Keeshin
/t/ J. L. Keeshin

JLK:R

PLAINTIFF'S EXHIBIT 100

WESTERN PASSENGER ASSOCIATION

Room 436 Union Station
916 West Jackson Boulevard
CHICAGO 6, ILLINOIS

E. B. Padrick, Chairman
M. B. Scovell, Vice-Chairman

Alex D Emmerson, Secretary
M. T. Nelson, Chief of Tariff Bureau

September 27, 1955

CONTRACT WITH RAILROAD TRANSFER SERVICE, INC., TO PERFORM TRANSFER SERVICE IN THE CITY OF CHICAGO

Messrs:

J J Alms
R S Amis
A M Anderson
R T Anderson
F H Baird
J A Barrett
R F Berndt
J L Bickley
S W Bone
J R Brennan
I C Bruce
R E Coleman
E R Comer
W R Godley
E E Gordon
B J Grenrood
H E Hay
E M Holt
R E Jamieson
G G Kottenstette
T E LeSueur
A A Meyer
P G Nagle
T E Nerland
R W Ohlman
A G Oldenquist
E E Pierce
H Sengstacken
Geo F Sherman
R R Spangenberg
R E Towns
R B Weaver
J F Whittington
R G Wood

Gentlemen:

There are attached two copies of the final contract covering transfer service in the city of Chicago by Railroad Transfer Service, Inc., effective October 1, 1955.

Attention is called to Appendix A, attached thereto, which shows the consist of the terminal area from which baggage pick-up and delivery service will be performed by Railroad Transfer Service, Inc.

Yours truly,

E B PADRICK

FILED
AUG 15 1960
AT ___ O'CLOCK
ROY H. FULLER

Copy to Messrs:

C P Fisher
J J Nolan
C K Strader
F J Wasson
A J Winkler

Plaintiffs Exhibit 100 Defendants Exhibit
Iden.
Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
BEFORE MINER, J.
Roy E. Fuller - Official Court Reporter

Attachment (2 copies)

58 C 3 53 A 467

PLAINTIFF'S EXHIBIT 100 (Continued)

THIS AGREEMENT, made as of the first day of October, 1955, by and between the following railroads (hereinafter referred to as "Terminal Lines"):

The Atchison, Topeka and Santa Fe Railway Company

The Baltimore and Ohio Railroad Company

The Chesapeake and Ohio Railway Company

Chicago & Eastern Illinois Railroad Company

Chicago and North Western Railway Company

Chicago, Burlington & Quincy Railroad Company

Chicago Great Western Railway Company

Chicago, Indianapolis and Louisville Railway Company

Chicago, Milwaukee, St. Paul and Pacific Railroad Company

Chicago North Shore and Milwaukee Railway

Chicago, Rock Island and Pacific Railroad Company

Chicago South Shore and South Bend Railroad

Erie Railroad Company

Grand Trunk Western Railroad Company

Gulf, Mobile and Ohio Railroad Company

Illinois Central Railroad Company

Minneapolis, St. Paul & Sault Ste. Marie Railroad Company

The New York Central Railroad Company

The New York, Chicago and St. Louis Railroad Company

The Pennsylvania Railroad Company

Wabash Railroad Company

and the following named corporations (hereinafter referred to as "Depot Companies") which are owners of certain railroad terminal facilities in Chicago:

The Baltimore and Ohio Chicago Terminal Railroad Company

Chicago and Western Indiana Railroad Company

Chicago Union Station Company

by their duly appointed Agent, Mr. E. B. Padrick, with offices in Room 436 Union Station, 516 West Jackson Boulevard, Chicago 6, Illinois, Parties of the First Part, and RAILROAD TRANSFER SERVICE, INC. (hereinafter referred to as "Transfer"), a Delaware corporation, with its principal office at 400 West Kinzie Street, Chicago 10, Illinois, Party of the Second Part,

PLAINTIFF'S EXHIBIT 100 (Continued)

W I T N E S S E T H:

The twenty-one (21) railroads listed above (hereinafter referred to as "Terminal Lines") have filed tariffs for through passenger service (hereinafter referred to as "through service") from points outside to points beyond Chicago on or reached via the incoming and outgoing participating Terminal Lines and steamship lines, and for the delivery of baggage to or from any terminal station, and any point within the area described in Appendix A attached hereto (hereinafter referred to as the "terminal area"). The terminal station of each of the Terminal Lines is located in some one (1) of eight (8) terminal railroad stations located in the downtown area of Chicago (hereinafter referred to as "terminal station"), in which downtown area are located also the steamer docks. Three (3) of the terminal stations are used by one (1) railroad; five (5) other terminal stations have from two (2) to four (4) railroads each; and one (1) terminal station has six (6) railroads. The relative location of the eight (8) terminal stations and the steamer docks makes the use of motor vehicle transportation desirable for passenger and baggage transfer between terminal stations whenever the railroads involved are not located in the same terminal station, and between the terminal stations and the steamer docks.

Under applicable tariffs, transportation for through service includes any required passenger and baggage transfer from the terminal station in Chicago of the incoming line (hereinafter referred to as "incoming station") to the terminal station in Chicago of the outgoing line (hereinafter referred to as "outgoing station") and from the incoming station to the steamer dock of the outgoing steamer (hereinafter referred to as "outgoing dock") and from the steamer dock of the incoming steamer (hereinafter referred to as "incoming dock") to the outgoing station, and is applicable only for the Terminal Lines and the steamship lines which by separate agreement adopt the terms of this Agreement applicable to them.

The Terminal Lines have found it desirable to provide a transfer service between terminal stations in Chicago, and between said stations and steamer docks.

Transfer has been organized for the purpose of entering into this Agreement. Transfer is ready, willing and able to perform all the required passenger and baggage transfer services specified in this Agreement, all intended to relieve the passenger of the responsibility for caring for the required

PLAINTIFF'S EXHIBIT 100 (Continued)

passenger and baggage transfer in Chicago, and to provide for his passenger transfer, within the limited time available therefor, motor vehicle transportation, with the safety, convenience and comfort generally accepted as an incident of passenger automobile transportation normally available for that purpose; and Transfer has offered to perform all such services upon the terms and conditions and for the charges and collections set forth in this Agreement.

NOW, THEREFORE, IT IS MUTUALLY AGREED, as follows:

Passenger and Hand Baggage Transfer Service

1. Transfer agrees to furnish and perform the following services (hereinafter collectively referred to as "Passenger and Hbaggage Transfer Service"); Hand baggage, also referred to as Hbaggage, as used herein, means baggage that is moved with the passenger, not under check in baggage car service.

(a) To transport in a passenger vehicle the passenger with, or without, accompanying Hbaggage from incoming station or incoming dock to outgoing station or outgoing dock shown on coupon, upon delivery of coupon for cancellation to Transfer's agent at the incoming station or incoming dock, as the case may be.

(b) A passenger traveling in a wheelchair, otherwise qualified, shall become qualified for the Passenger and Hbaggage Transfer Service if his condition is such as to permit him to be transported in regular service.

(c) A passenger who is traveling on a litter or stretcher shall not be qualified for the Passenger and Hbaggage Transfer Service.

2. Transfer shall furnish and perform the Passenger and Hbaggage Transfer Service in accordance with the following:

(a) A time schedule shall be established and maintained seven (7) days per week. Such schedule shall be determined and established in accordance with the incoming and outgoing train schedules with the approval of the Terminal Lines in conference with Transfer. Transfer's agents shall be on duty at each terminal station during periods of transfer.

PLAINTIFF'S EXHIBIT 100 (Continued)

(b) Transfer shall determine the route or routes for this service, and insofar as reasonably practical, such routes shall permit the most expeditious service between the terminal stations involved.

(c) Transfer shall furnish and operate a sufficient number of suitable passenger vehicles to carry out this service. All such vehicles shall have ample accommodations for conveniently and safely carrying its passengers and their accompanying Hbaggage. Air conditioning shall be installed and maintained in these passenger vehicles. These vehicles shall be maintained in a clean, safe and sanitary condition. Passenger equipment used by Transfer in any service under this Agreement will be replaced by Transfer with new equipment within thirty (30) months after the commencement of its use. If, in the opinion of Transfer, there is a need for a different type of vehicle, and such vehicle is acceptable to the Terminal Lines, the period of replacement of such type of vehicle will be arranged through mutual agreement between Transfer and the Terminal Lines. Equipment other than passenger equipment used by Transfer in this service will be replaced by Transfer as necessary or desirable for high-grade service.

(d) Insofar as it may be reasonably practical, passenger and his Hbaggage shall be transported in the same passenger vehicle, having due regard for the safety, comfort and convenience of such passenger and the security of such Hbaggage. To the extent that the passenger vehicle does not have adequate space available for transporting the passenger and all his Hbaggage, his excess Hbaggage shall be transported in another vehicle to his outgoing station or outgoing dock so as to make possible the departure of such passenger and all his Hbaggage on the same scheduled outgoing train or outgoing steamer.

(e) All of Transfer's personnel assigned to this service shall wear appropriate uniforms while on duty in this service.

(f) Transfer reserves the right, and shall have the sole right and discretion:

PLAINTIFF'S EXHIBIT 100 (Continued)

(1) To transfer en route passenger and/or his accompanying Hbaggage from one to another of its vehicles, as operating conditions may require;

(2) To refuse to accept for transport in such service any prospective passenger for this service otherwise qualified, and/or to remove any passenger of through service, in any case where such passenger is under the influence of intoxicating liquors or drugs or is incapable of taking care of himself;

(3) To determine whether, and under what conditions, a household pet as defined in applicable tariffs, which under said tariffs may be brought into the passenger's train space, shall be allowed to accompany him to his place in the passenger vehicle, instead of being placed in the space therein allowed for Hbaggage transport;

(4) To the extent determined by Transfer to be reasonably practical and economically sound, to provide in co-operation with the Terminal Lines involved, special passenger transfer equipment and special services to accommodate passengers traveling in groups, such as athletic teams, show troupes or other groups traveling under special arrangements with such Terminal Lines, and to provide for these groups adequate service and to meet the special conditions surrounding the travel of these special groups; and in the absence of agreement between Transfer and the Terminal Lines involved, such Terminal Lines may make arrangements with others for such special passenger equipment and special services.

3. Transfer shall be entitled to receive compensation computed in accordance with the following schedule for service rendered by it under the Passenger and Hbaggage Transfer Service, which shall be paid by the applicable outgoing Terminal Line or outgoing steamship line, as the case may be:

SCHEDULE OF CHARGES

Coupons

(a) Transfer shall be entitled to receive for each cancelled coupon delivered by it to the Terminal Line shown thereon serving the outgoing station, and the Terminal Line handling the passenger

PLAINTIFF'S EXHIBIT 100 (Continued)

from the outgoing station shall be obligated to pay Transfer therefor, a sum of money equal to the applicable per-coupon rate shown in the following schedule:

Military Personnel on Furlough

(1) For each cancelled coupon shown thereon to have been issued in connection with a valid ticket covering a fare applicable to military personnel on furlough, as passengers—

	Applicable Per Coupon Rate
	$ 0.85

No change shall be made in that rate except by mutual consent.

Adults

(2) For each cancelled coupon shown thereon to have been issued in connection with a valid ticket covering a valid fare applicable to adult passengers (other than military personnel on furlough), and showing on the face of such coupon that it was cancelled at a date falling within the consecutive twelve (12) month period (hereinafter referred to as "year") indicated below, following the commencement date of this service, the applicable per-coupon rate shall be the indicated per-coupon rate for that numbered year, as follows:

Year	Applicable Per Coupon Rate
1	$ 1.20
2	1.22
3	1.23
4	1.25
5	1.27

Children

(3) Children under five (5) years of age accompanied by parent or guardian shall be carried free of charge. For each cancelled coupon shown thereon to have been issued in connection with the ticket covering a fare to a child five (5) years of age or over, as the passenger, the applicable per-coupon rate shall be:

(aa) fifty per cent (50%) of the current coupon rate applicable to adult fares under paragraph 3 (a) (2) hereof, if the child's fare is for a child passenger five (5) years of age or over, but under twelve (12) years of age; and

PLAINTIFF'S EXHIBIT 100 (Continued)

(bb) one hundred per cent (100%) of the current coupon rate applicable to adult fares under paragraph 3 (a) (2) hereof, if the child's fare is for a child passenger twelve (12) years of age or over.

Special Fare Coupons

(4) The applicable per-coupon rate for each cancelled coupon shall not be changed without mutual consent of Transfer and the Terminal Lines, to give effect to the fact either that

(aa) the transportation to which such coupon related covers a group passenger fare rate for the through service involved which is less than the applicable regular passenger fare for the same through service; or

(bb) the passenger to whom such cancelled coupon relates was traveling under special quotation to government agencies.

Additional Special Service Compensation

(5) In any case where, at the request of a Terminal Line, this service is rendered to a group of passengers involving the use of special baggage equipment to permit the members of the group to meet another train during such period, such as a baseball club, Transfer shall be entitled to receive from the requesting Terminal Line as additional compensation Five Dollars ($5.00) per hour for each special vehicle for baggage transfer used.

(b) Transfer shall be entitled to receive for each cancelled coupon delivered by it to the outgoing steamship line shown thereon serving the outgoing dock, and the steamship line handling the passenger from the outgoing dock shall be obligated to make payment to Transfer therefor, in accordance with the same schedule of charges specified in paragraph 3 (a) above applicable between Transfer and the applicable outgoing Terminal Line for similar service to the outgoing station.

4. The Passenger and Hbaggage Transfer Service shall commence when the arriving passenger presents himself and his Hbaggage to Transfer for transportation by Transfer, and shall terminate when such passenger is delivered to his

PLAINTIFF'S EXHIBIT 100 (Continued)

outgoing station or outgoing dock and his baggage is delivered to him.

Baggage Car Baggage Transfer Service

5. Transfer agrees to furnish and perform the following services (hereinafter referred to as "Baggage Car Baggage Transfer Service"):

(a) Transfer's services with respect to such Baggage Car Baggage Transfer Service shall be to perform during the normal working day established under paragraph 6 (c) hereof, the following services:

(1) To check, bill and manifest (hereinafter referred to as "clerical operations") in the baggage room of each incoming Terminal Line, all incoming baggage articles which that Terminal Line makes available for that purpose (hereinafter referred to as "Unserviced Baggage") to Transfer at a designated space in the baggage room of that Terminal Line commonly known as the Baggage Dock.

(2) To load on its own trailer at the baggage room all such Unserviced Baggage on which such clerical operations had been so performed (hereinafter referred to as "Serviced Baggage") by its employee or employees.

(3) To transport these loaded trailers from the baggage room of the incoming station to the baggage room of the designated outgoing station and there unload them.

(4) To transport these loaded trailers to the steamer docks of the designated steamship line and there unload and deliver the baggage to the said steamship line.

(5) To perform at the steamer dock of each incoming steamship line clerical operations with respect to Unserviced Baggage, as defined above, which that steamship line makes available to Transfer for that purpose, and there to load the Serviced Baggage on its trailers and to transport these loaded trailers therefrom to the baggage room of the designated outgoing station and there unload them.

6. Transfer shall perform the said Baggage Car Baggage Transfer Service in accordance with the following:

PLAINTIFF'S EXHIBIT 100 (Continued)

(a) Checked baggage covered by this service shall include all such items transported under check for a passenger.

(b) Transfer shall furnish and operate a sufficient number of vehicles suitable to perform the service hereunder.

(c) Transfer shall perform all operations hereunder on a seven (7) day per week basis between the hours of 8:00 A.M. and 5:00 P.M. CST of the same day (hereinabove and hereinafter referred to as "working day") to permit four (4) baggage transfers each day from each terminal station.

(d) Human remains, as defined in applicable tariffs, shall be transported from the baggage room of the requesting incoming Terminal Line to the baggage room of the outgoing station; and for that purpose Transfer shall use passenger equipment or its trailers specially adapted for such use, or other suitable equipment.

7. Transfer shall be entitled to receive compensation computed in accordance with the following schedule, from the applicable outgoing Terminal Line or outgoing steamship line, as the case may be, for services performed by it under the Baggage Car Baggage Transfer Service:

SCHEDULE OF CHARGES

(a) Checked baggage, as defined in paragraph 6 (a) above:

(1) In any case where Transfer has received payment from the outgoing Terminal Line for a cancelled coupon under paragraph 3 (a) hereof, such payment shall be treated by that Terminal Line and by Transfer as payment to Transfer by such Terminal Line for Transfer's services rendered to it under the Baggage Car Baggage Transfer Service with respect to the checked baggage applicable to the through ticket of which the cancelled coupon was a part.

(2) In any case other than paragraph 7 (a) (1) hereof, the charge shall be an amount equal to the amount which Transfer is then currently entitled to receive for each cancelled coupon applicable to the through ticket of which the cancelled coupon was a part.

(3) Human remains moving on regular railroad tickets: two (2) coupons plus $5.10.

PLAINTIFF'S EXHIBIT 100 (Continued)

(4) Human remains moving on tickets exchanged for Government Transportation Requests will be handled on the basis of two (2) coupons, this to include transfer of escort, so long as the present arrangement for such movement of human remains remains unchanged.

(b) Transfer shall be entitled to receive compensation from the applicable outgoing steamship line for services performed by it under the Baggage Car Baggage Transfer Service computed in accordance with the same schedule set forth in paragraph 7 (a) above applicable to each outgoing Terminal Line for the corresponding service.

Special Baggage Transfer Service

8. Transfer agrees to furnish and perform the following services (hereinafter collectively referred to as "Special Baggage Transfer Service"):

(a) Subject to the conditions specified in paragraph 8 (b) (3) hereof, to accept Hbaggage delivered by a passenger to Transfer's agent at incoming station for delivery to the parcel room of a designated outgoing station (hereinafter referred to as "PA Service").

(b) Transfer shall furnish and perform the Special Baggage Transfer Service in accordance with the following:

(1) The time schedule determined and established for the Passenger and Hbaggage Transfer Service pursuant to paragraph 2 (a) hereof shall constitute also the time schedule for the Special Baggage Transfer Service.

(2) In carrying on its operations under this Special Baggage Transfer Service, Transfer may use any vehicle or vehicles used in, or suitable for, any other service rendered by Transfer under this agreement, or any other vehicle suitable for the Special Baggage Transfer Service.

(3) PA Service baggage will be accepted for service hereunder for delivery to the outgoing station upon the presentation to Transfer of applicable coupon, plus the payment of 25¢ per piece of baggage, plus regular applicable parcel room charge for 24-hour

service prevailing at the outgoing station. Such service will be available for all passengers up to three hours before scheduled departure of train from outgoing station. PA Service baggage of passengers requesting this service with delivery time of less than the three-hour period, may be accepted by Transfer in accordance with the above upon such conditions of acceptance as Transfer and the passenger may agree upon.

(4) Transfer shall obtain revenues for such services by billing in the usual manner to the outgoing Terminal Line for the coupon involved, and shall retain for itself 25¢ for each piece of baggage and shall remit to the outgoing station parcel room at time of delivery, charges collected for such service.

(5) The Special Baggage Transfer Service commences when the baggage involved therein is received by Transfer's agent at the incoming station; and such service terminates when such baggage is delivered to the parcel room of the outgoing station.

Baggage Pickup and Delivery Service

9. Transfer agrees to furnish and perform the following services (hereinafter collectively referred to as "Baggage Pickup and Delivery Service"), within the terminal area:

(a) To transport from any point in the terminal area to the unloading platform located in any outgoing station baggage of passenger intended for transport as checked baggage.

(b) To transport any incoming baggage of an incoming passenger from any incoming station to any destination in the terminal area.

(c) Transfer shall furnish and perform the Baggage Pickup and Delivery Service in accordance with the following:

(1) The normal working day determined and established for the Baggage Car Baggage Transfer Service pursuant to paragraph 6 (c) hereof shall constitute also the normal working day for the Baggage Pickup and Delivery Service.

(2) In carrying out its operations under this service, Transfer may use any vehicle or vehicles used in, or suitable for, any other service rendered by Transfer under this Agreement, or

PLAINTIFF'S EXHIBIT 100 (Continued)

any other vehicle suitable for the Baggage Pickup and Delivery Service.

(3) Outgoing baggage will be accepted by Transfer from the passenger and incoming baggage will be accepted by Transfer from the incoming Terminal Line in accordance with the applicable tariffs.

(d) Transfer shall be entitled to receive compensation computed in accordance with the following schedule for services rendered by it under the Baggage Pickup and Delivery Service, payment for which will be received by Transfer in accordance with paragraphs (d) (1), (2), and (3) hereunder:

(1) For incoming baggage delivered by Transfer to the designated address which was forwarded on prepaid delivery check issued by the originating carrier, Transfer shall be entitled to receive compensation for such service from the incoming Terminal Line in an amount equal to the applicable tariff charges for such service.

(2) For outgoing baggage delivered by Transfer to the outgoing station, Transfer shall be entitled to retain as its compensation for such service an amount equal to the applicable tariff charge for such service collected by Transfer from the passenger checking such baggage.

(3) Where the incoming baggage delivered by Transfer has been forwarded under collect delivery check, Transfer shall make collection for the account of the incoming Terminal Line of the applicable tariff charge upon making delivery of such baggage at the address of the incoming passenger and shall retain such charges as compensation for its services. Where the outgoing baggage delivered by Transfer to the outgoing station is forwarded under prepaid delivery check, Transfer shall make collection of the applicable tariff charge upon acceptance of the baggage from the passenger and shall retain therefrom the portion of such charge applicable under the tariff to the movement from the place of pickup to the outgoing station as compensation

for its services and shall deliver the balance of the collection to the outgoing Terminal Line at the time of delivery of the baggage to such Terminal Line.

(e) When baggage is delivered to Transfer by the passenger for transportation to an outgoing station, Transfer shall deliver to the passenger the appropriate baggage check under applicable tariffs upon presentation of proper transportation.

(f) For incoming baggage, Baggage Pickup and Delivery Service shall commence when it is delivered to Transfer for delivery to the passenger, and shall terminate when such baggage is delivered to the address designated in the claim check and the passenger's duplicate claim check for such baggage or in the absence thereof a written receipt therefor is procured by Transfer. For outgoing baggage, such service shall commence when it is delivered to Transfer for transport to the designated outgoing station, and shall terminate when such baggage is delivered to the unloading platform of such station and the appropriate receipt is secured therefor.

General Provisions

10. Transfer agrees that:

(a) Transfer shall establish a radio control system and a central dispatch system at a centrally located site to provide control of movement and dispatch of vehicles used by it in the service under this Agreement, so as to fill the need for them at the time and place required for safe and efficient performance of the required service.

(b) Transfer shall establish a headquarters administration office in association with the central dispatch system office to provide suitable space for the administrative, financial and executive functions of Transfer.

(c) Commencing with the date when any transfer service under this Agreement shall start, and thereafter during the effective term of this Agreement, Transfer agrees to indemnify and save

PLAINTIFF'S EXHIBIT 100 (Continued)

harmless the Terminal Lines and/or Depot Companies, and all steamship lines which by separate agreement shall adopt the terms of this Agreement, their respective officers, employees and agents, and to assume liability imposed by law on any of the parties hereto, for death of, injury to, any persons whomsoever, including, but not limited to, officers, employees, agents, patrons and licensees of the parties hereto, and liability imposed by law on any of the parties hereto for loss of or damage or injury to property, including, but not limited to, that belonging to the parties hereto, arising from, growing out of, or in any manner or degree directly or indirectly caused by, attributable to, or resulting from the acts or omissions, negligent or otherwise, of Transfer, its agents, servants or employees, together with all liability for any expenses, attorneys' fees and costs incurred or sustained by any or all of the Terminal Lines and Depot Companies and steamship lines in connection therewith. Transfer agrees also to release and indemnify and save harmless the Terminal Lines and/or Depot Companies, their respective officers, employees and agents, from all liability imposed by law on them to Transfer, its officers, employees and agents, for deaths or injury to persons and loss of or damage to property (including attorneys' fees, costs and expenses incurred therewith), resulting from railroad operations at or near the area in which operations under this Agreement are conducted, unless such liability results from the sole negligence of the Terminal Lines and/or Depot Companies, their respective officers, employees or agents. Transfer, upon receipt of notice to that effect, shall assume the defense of any claim based upon allegations purporting to bring said claim within the coverage of this section. Without in any manner restricting the extent of the obligations so assumed, Transfer agrees to procure for the additional protection of the Terminal Lines and the Depot Companies and steamship lines and keep in full force and effect at all times during the life of this Agreement

PLAINTIFF'S EXHIBIT 100 (Continued)

contractual-type insurance in form and with companies approved by the Terminal Lines and/or Depot Companies covering the risks and obligations assumed by it under this Agreement subject to all of the terms, conditions and exclusions of the basic policy contract not inconsistent with this Agreement, with full limits of One Million Dollars ($1,000,000) to be maintained at all times, except as is otherwise provided as to amounts in paragraph 10 (c-1). Such insurance shall contain a provision that it may not be cancelled without thirty (30) days' notice in writing to Earl B. Padrick, Agent for Terminal Lines and/or Depot Companies, and during such thirty (30) days Transfer shall arrange to secure substitute coverage entirely satisfactory to the Terminal Lines and/or Depot Companies. All applicable tariff provisions of Terminal Lines and/or Depot Companies and steamship lines shall inure to the benefit of Transfer.

(c-1) As respects cargo insurance coverage on baggage, Transfer agrees to procure for the additional protection of Terminal Lines and/or Depot Companies and steamship lines, and keep in full force and effect at all times during the life of this Agreement, cargo insurance on baggage and with companies approved by the Terminal Lines and/or Depot Companies covering the risks and obligations assumed by it under this Agreement subject to all of the terms, conditions and exclusions of the basic policy contract, not inconsistent with this Agreement with limits of Fifty Thousand Dollars ($50,000) per truck or vehicle and Two Hundred Fifty Thousand Dollars ($250,000) per catastrophe coverage to be maintained at all times. Such insurance shall contain a provision that it may not be cancelled without thirty (30) days' notice in writing to Earl B. Padrick, Agent of Terminal Lines and/or Depot Companies, and during such thirty (30) days Transfer shall arrange to secure substitute coverage entirely satisfactory to the Terminal Lines and/or Depot Companies. All applicable tariff provisions of Terminal Lines shall inure to the benefit of Transfer.

(d) Transfer shall carry Workmen's Compensation and Employers' Liability Insurance to cover Illinois State requirements.

(e) All employees of Transfer shall be covered by Indemnity Bond Insurance.

(f) Appropriate certificates covering all insurance herein shall be delivered by Transfer to the Terminal Lines, Depot Companies, and steamship lines.

(g) All equipment used in the service of Transfer shall be maintained in good repair and capable of performing the transportation service for which it was intended, with safety, efficiency, comfort and convenience to the passengers and to the personnel participating therein; and to the extent considered practical or advisable to construct and equip any semi-trailer with suitable electrical connection equipment and construction to permit connection with suitable wall plugs in the surrounding station area where the semi-trailer is placed, for lighting purposes, to permit operation within the interior of the semi-trailer without the use of tractor power.

(h) Transfer shall create and maintain practices and facilities, including preventative equipment and reserve equipment, to assure that Transfer's equipment used under this Agreement will be at all times in first-class condition and appearance, and that such equipment and the necessary personnel for rendering services therewith will be adequate in amount and number and will be available at the time and place required to provide efficient performance of the services intended for them under this Agreement.

(i) Transfer shall maintain the corporate name "Railroad Transfer Service, Inc."

(j) The color of equipment and any signs or designations appearing on such equipment will be subject to mutual agreement between Transfer and the Terminal Lines.

(k) A copy of the Annual Audit of Transfer as of the end of each of its fiscal years, certified by the certified public accountants

employed by Transfer in the regular course of its business, will be delivered by Transfer to the Agent of the Terminal Lines within thirty (30) days after such Annual Audit is completed.

(l) Transfer shall comply at all times with all laws, rules and regulations of governmental agencies having jurisdiction over it, and/or the services performed hereunder.

11. The parties hereto mutually agree that:

(a) Transfer shall not be liable for delays caused by accidents, breakdowns, bad conditions of road, snowstorms and other conditions beyond its control. Transfer does not guarantee to arrive at, or depart from, any terminal station or steamer dock at any specified time, other than to use its best efforts to carry out the operations required for the performance of its service under this Agreement so as not to prevent the departure of the passenger and his baggage at the departure time which he otherwise would meet.

(b) All forms of receipts, manifests and billings adopted for use in the services covered by this Agreement shall be approved by all parties to this Agreement.

(c) All services of Transfer under this Agreement shall commence on the earliest of the following dates (hereinafter referred to as "Service Commencement Date"): October 1, 1955, or a prior date specified in a written request by Agent of the Terminal Lines to Transfer to commence such service, which is delivered to Transfer at least twenty-four (24) hours before such specified date.

(d) The term of this Agreement shall be from the Service Commencement Date, as indicated in paragraph 11 (c), to and including September 30, 1960.

(e) During the effective term of this Agreement, the type and character of service, and the charge therefor as provided in this Agreement, shall not be affected in any manner in the event that at any time or times there shall be a decrease in the through passenger transportation service of the Terminal Lines, or in the required

passenger and baggage transfer service between terminal stations.

(f) Transfer shall employ and direct all persons performing any service hereunder and such persons shall be and remain its sole employees and subject to its sole control and direction, it being the intention of the parties that Transfer shall be and remain an independent contractor. Transfer agrees to conduct the work provided for herein in its name and agrees not to display the name of any of the Terminal Lines upon or about any of its vehicles.

(g) The procedure for the settlement of accounts shall be as determined by the parties before the commencement of the service.

12. The Terminal Lines and Depot Companies and steamship lines which by separate agreement adopt the terms of this Agreement agree that:

(a) The Terminal Lines and Depot Companies and steamship lines grant to Transfer, without charge on account thereof, the exclusive right and privilege insofar as the Terminal Lines and Depot Companies and steamship lines can legally do so, commencing with the Service Commencement Date and thereafter during the effective term of this Agreement, to solicit the transportation of passengers holding coupons in and around the terminal stations and steamer docks and on the surrounding premises.

(b) Commencing with the Service Commencement Date, and thereafter during the effective term of this Agreement, the Terminal Lines and Depot Companies and steamship lines will permit only equipment and signs of Transfer on their properties or on the terminal properties for the purposes outlined in this Agreement.

(c) Commencing with the Service Commencement Date and thereafter during the effective term of this Agreement, space in each terminal station will be allocated without charge to Transfer for use at the headquarters of its passenger agent and baggage agent.

13. It is the intention of the parties to, and the purpose of, this Agreement that:

(a) To the maximum extent possible, the entire field of passenger and baggage transportation as outlined in this Agreement between

PLAINTIFF'S EXHIBIT 100 (Continued)

all terminal stations and steamer docks where transfer between them is required in the through passenger transportation service of the Terminal Lines, shall be adequately and satisfactorily serviced and shall be serviced exclusively by Transfer; and

(b) The trade name "Railroad Transfer Service" as a baggage transport service, and Transfer as a baggage transport enterprise, shall be identified in the minds of all incoming and outgoing passengers of the Terminal Line using the terminal stations, as the sole and exclusive baggage transport service and enterprise on which the Terminal Lines rely, and in which they place their confidence for prompt, safe, satisfactory and economical baggage transportation service, whenever required between any terminal stations and steamer docks in Chicago. To carry out this intention, the parties agree that:

(1) In the event that any situation, other than those enumerated above in paragraph 8 hereof, shall arise which shall require the use of Transfer's Special Baggage Transfer Service or for the handling of which the use of such service is suitable, the Terminal Lines and Transfer shall co-operate to make use of such service of Transfer upon mutually satisfactory terms.

(2) To the maximum extent possible, the Terminal Lines:

(aa) will refer and recommend that passengers on all their incoming trains avail themselves of the baggage transfer service of Transfer to transport any incoming train baggage from any terminal station to any destination in the terminal area;

(bb) will refer and recommend any inquiries by any persons in the terminal area with respect to a transfer agency to transport to a departing terminal station baggage intended for transportation by the Terminal Lines using such terminal station to avail themselves of the baggage transfer service of Transfer.

(c) Transfer shall give first priority to the use of its vehicles assigned to Baggage Car Baggage Transfer Service for the transfer of baggage intended for transport through Transfer's services under this Agreement.

PLAINTIFF'S EXHIBIT 100 (Continued)

14. Transfer agrees that it will not assign this Agreement, or any rights under it, to any other person, firm or corporation, without the express written permission of the Terminal Lines and Depot Companies, or their Agent acting on their behalf.

In witness whereof the parties hereto have executed this Agreement as of the day and year first above written by their representatives and Transfer has affixed its corporate seal.

TERMINAL LINES AND DEPOT COMPANIES

By: E. B. PADRICK
Their Agent

RAILROAD TRANSFER SERVICE, INC.

By: J. L. KEESHIN
Its President

PLAINTIFF'S EXHIBIT 100 (Continued)

APPENDIX A

The "terminal area" shall consist of the area within the corporate limits of:

Alsip
Argo
Bedford Park
Bellwood
Berkeley
Berwyn
Blue Island
Broadview
Brookfield
Burnham
Calumet City
Calumet Park
Chicago
Chicago Heights
Chicago Ridge
Cicero
Crestwood
Des Plaines
Dixmoor
Dolton
East Hazel Crest
Elmwood Park
Evanston
Evergreen Park
Fairview (Cook County)
Flossmoor
Forest Park
Forest View
Franklin Park
Glencoe
Glenview
Golf
Harvey
Hazel Crest
Hillside
Hodgkins
Homewood
Hubbard Woods
Justice
Kenilworth
La Grange
La Grange Park
Lansing
Lincolnwood
Lyons
Markham
Maywood
McCook
Melrose Park
Midlothian
Morton Grove
Niles
Northbrook
Northfield
North Lake Village
North Riverside
Oak Forest
Oak Lawn
Oak Park
Palos Heights
Palos Park
Park Forest
Park Ridge
Phoenix (Cook County)
Rhodes
Riverdale
River Forest
River Grove
Riverside
Robbins
Schiller Park
Skokie
South Holland
Stickney
Stone Park
Summit (Cook County)
Techny
Thornton
Westchester
Western Springs
Willow Springs
Wilmette
Winnetka
Worth

PLAINTIFF'S EXHIBIT 101

PARMELEE TRANSPORTATION COMPANY

SUMMARY OF REVENUES AND EXPENSES
FROM
CHICAGO RAILROAD TRANSFER SERVICE OPERATIONS
By Years - Jan. 1, 1946, to Sep. 30, 1955

	1946	1947	1948	1949	1950	1951	1952
Revenues:							
Coupons,.....	$2,265,510.94	$1,557,348.11	$1,742,486.82	$1,528,293.78	$ 752,696.17	$1,619,135.49	$1,622,667.94
Cash Fares,.....	36,720.32	31,105.38	34,510.58	35,020.51	18,702.18	31,041.73	27,588.46
Baggage Receipts,...	147,064.57	160,191.17	152,583.21	138,531.50	67,638.06	122,525.15	127,619.55
Truck Rentals,.....	3,617.45	3,426.25	4,019.29	3,968.55	2,468.38	3,374.96	3,528.28
Total Revenues,...	$2,452,913.28	$1,752,070.91	$1,933,599.90	$1,705,814.34	$ 841,504.79	$1,776,077.33	$1,781,404.23
Expenses other than Depreciation:							
Vehicular Operation,	$ 584,707.67	$ 598,350.60	$ 709,350.59	$ 677,641.72	$ 387,827.39	$ 637,462.40	$ 668,133.19
Garage Operation,...	103,684.86	109,058.98	115,169.77	93,452.76	82,586.59	108,117.12	104,656.95
Vehicular Maintenance,	103,258.45	107,816.12	128,735.42	61,997.07	33,817.58	54,476.02	48,059.78
Traffic,.....	228,805.11	211,693.77	231,014.73	224,036.37	139,653.76	237,087.60	253,786.75
Insurance and Claims,	12,377.70	11,226.08	14,650.31	17,604.56	9,454.42	18,849.41	23,067.28
Administration:							
Direct (a),.....	145,163.13	138,818.09	152,832.96	140,579.77	123,146.47	167,601.51	184,590.15
Indirect (b),.....	13,951.94	10,938.24	13,841.99	8,128.75	4,216.40	7,649.20	6,930.80
Total Expenses other than Depreciation,...	$1,191,948.86	$1,187,901.88	$1,365,595.77	$1,223,441.10	$ 780,702.61	$1,231,243.26	$1,289,204.90
Net Revenue before considering Depreciation,.....	$1,260,964.42	$ 564,169.03	$ 568,004.13	$ 482,373.24	$ 60,802.18	$ 544,834.07	$ 492,199.33
Provision for Depreciation,.....	25,504.75	49,323.58	72,201.50	91,087.26	84,095.77	55,247.06	70,679.96
Net Revenue subject only to Income Tax,.	$1,235,459.67	$ 514,845.45	$ 495,802.63	$ 391,285.98	$ 23,293.59*	$ 489,587.01	$ 421,519.37

* - Negative figure.

a - Administrative expenses directly applicable to Chicago railroad transfer service operations.

b - Portion (appropriate to ratio of Total Revenues as shown above to Consolidated Gross Operating Revenue of this company and its subsidiaries) of administrative expenses applicable to the combined operations of this company and its subsidiary companies.

Exhibit 101 Defendants Exhibit (Identified / Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.
Roy E. Fuller - Official Court Reporter

PARMELEE TRANSPORTATION COMPANY

SUMMARY OF REVENUES AND EXPENSES
FROM
CHICAGO RAILROAD TRANSFER SERVICE OPERATIONS
By Years - Jan. 1, 1946, to Sep. 30, 1955

1948	1949	1950	1951	1952	1953	1954	1955 to Sep. 30
$1,742,486.82	$1,528,293.78	$ 752,696.17	$1,619,135.49	$1,622,667.94	$1,461,910.08	$1,540,874.63	$1,192,797.99
34,510.58	35,020.51	18,702.18	31,041.73	27,588.46	29,398.91	31,673.09	23,204.40
152,583.21	138,531.50	67,638.06	122,525.15	127,619.55	120,041.45	131,025.66	100,020.48
4,019.29	3,968.55	2,468.38	3,374.96	3,528.28	3,261.01	3,082.86	1,790.34
$1,933,599.90	$1,705,814.34	$ 841,504.79	$1,776,077.33	$1,781,404.23	$1,614,611.45	$1,706,656.24	$1,317,813.21
$ 709,350.59	$ 677,641.72	$ 387,827.39	$ 637,462.40	$ 668,133.19	$ 604,080.76	$ 565,611.25	$ 398,060.93
115,169.77	93,452.76	82,586.59	108,117.12	104,656.95	111,548.46	117,299.03	72,813.81
128,735.42	61,997.07	33,817.58	54,476.02	48,059.78	44,328.78	43,642.61	30,929.59
231,014.73	224,036.37	139,653.76	237,087.60	253,766.75	253,956.69	232,162.64	163,334.73
14,650.31	17,604.66	9,454.42	18,849.41	23,067.28	19,415.01	15,617.08	12,304.15
152,832.96	140,579.77	123,146.47	167,601.51	184,590.15	193,511.24	185,131.46	111,966.44
13,841.99	8,128.75	4,216.40	7,649.20	6,930.80	5,544.84	4,851.35	4,709.02
$1,365,595.77	$1,223,441.10	$ 780,702.61	$1,231,243.26	$1,289,204.90	$1,232,385.78	$1,164,315.42	$ 794,118.67
$ 568,004.13	$ 482,373.24	$ 60,802.18	$ 544,834.07	$ 492,199.33	$ 382,225.67	$ 542,340.82	$ 523,694.54
72,201.50	91,087.26	84,095.77	55,247.06	70,679.96	110,926.98	114,918.90	58,936.01
$ 495,802.63	$ 391,285.98	$ 23,293.59*	$ 489,587.01	$ 421,519.37	$ 271,298.69	$ 427,421.92	$ 464,758.53

hicago railroad transfer

as shown above to Con-
any and its subsidiaries)
ombined operations of

102 Defendants Exhibit
rict Court of the United States, BEFORE
District of Illinois, Eastern Division MINER, J.
Roy E. Fuller - Official Court Reporter

Re 3-3

RAILROAD TRANSFER SERVICE, INC.

SUMMARY OF INCOME
By Periods - Oct. 1, 1955, to Dec. 31, 1959

	Calendar Years 1959	1958	1957	Oct. 1,1955, to Dec.31,1956
rating Revenues,.....	$1,291,928.39	$1,317,293.96	$1,385,970.58	$1,859,254.80
rating Expenses other than Depreciation,..	1,005,690.69	984,949.34	1,101,647.68	1,536,818.85
Operating Revenue before considering epreciation,.....	$ 286,237.70	$ 332,344.62	$ 284,322.90	$ 322,435.95
vision for Depreciation,.....	93,254.62	87,413.59	99,853.32	117,968.38
Operating Revenue,.....	$ 192,983.08	$ 244,931.03	$ 184,469.58	$ 204,467.57
er Income:				
nterest Income,.....	2,880.77	1,176.28	646.30	-
apital Gains,.....	1,507.58	10,042.40	442.06	-
ss Income,.....	$ 197,371.43	$ 256,149.71	$ 185,557.94	$ 204,467.57
uctions from Income:				
nterest Expense,.....	-	179.52	2,409.65	13,118.39
apital Losses,.....	-	-	-	6,302.13
Income subject to Income Tax,.....	$ 197,371.43	$ 255,970.19	$ 183,148.29	$ 185,047.05
vision for Income Tax,.....	99,883.24	131,208.19	92,575.15	116,800.00
Income,.....	$ 97,488.19	$ 124,762.00	$ 90,573.14	$ 68,247.05

FILED
AUG 15 1960

PLAINTIFF'S EXHIBIT 102

PLAINTIFF'S EXHIBIT 103

CHICAGO DAILY NEWS
20 ★ Tues., May 3, '60

Parmelee Suit to Be Tossed Out

'No Monopoly' In Trucking Row

Federal Judge Julius H. Miner said Tuesday that he is going to throw out the $19.2 million anti-trust conspiracy suit filed by the Parmelee Transportation Co. over interstation railroad tranfer business here.

"This is not a question of monopoly," the judge said during the 10th day of the trial.

• • •

HOWEVER, Miner denied a motion for a directed verdict of dismissal by the defendants.

He said he wanted the trial to continue so that there will be a complete record of the case.

Parmelee attorneys rested their case Tuesday. The trial is expected to last another week.

• • •

PARMELEE filed the suit in 1956 against Hugh W. Cross, former Interstate Commerce Commission chairman; John L. Keeshin, Chicago trucking magnate; his Railroad Transfer Service; four railroad presidents; six railroads, and a passenger association.

It charged that a contract it held for more than a century to haul passengers and freight between Chicago railroad stations was switched "by conspiracy" to Keeshin's company.

Parmelee lost its 102-year franchise Oct. 1, 1955, and Railroad Transfer took over.

FILED
AUG 15 1960
AT O'CLOCK
ROY H. [illegible]SON

103 Defendants Exhibit
Identified
Rec'd.

The District Court of the United States, BEFORE
Northern District of Illinois, Eastern Division MINER, J.

Roy E. Fuller - Official Court Reporter

Re 3V3

PLAINTIFF'S EXHIBIT 104

CHICAGO AMERICAN
May 3, 1960

Judge'll Throw Out Parmelee, Keeshin Case

Jurors in the Parmelee-Keeshin anti-trust suit will continue hearing testimony for another week, but they will just be going thru the motions.

Judge Julius H. Miner in federal District court said that when the jury returns its verdict, he will throw out the case. He made the statement to lawyers of both sides while the jury was excluded.

Miner said:

Triple Damages

"I will hold that this case does not belong in the family of anti-trust cases."

The trial has been in progress 10 days. Parmelee Transportation company seeks triple admages aggregating $19,200,000 from John L. Keeshin, his firm, Railroad Transfer company; six railroads, four railroad presidents, and Hugh W. Cross, former chairman of the Interstate Commerce commission.

Parmelee lost its 102 year old business of transporting railroad passengers and their luggage between Chicago rail terminals in 1955 to Keeshin's company.

Two Issue Case

In an innovation, Judge Miner broke the case down into two issues—whether the public was injured by the change, and whether the defendants operated a conspiracy to take away the business from Parmelee.

Only the first issue is being heard at present.

Parmelee is expected to appeal—when the jurors have finished going thru the motions.

FILED
AUG 15 1960
AT ... O'CLOCK
ROY H. ... CLERK
Plaintiff's Exhibit 104 Defendants Exhibit
In the District Court of the United States, Northern District of Illinois, Eastern Division
PFORR MINER, J.
Roy E. Fuller - Official Court Reporter

PLAINTIFF'S EXHIBIT 105

CHICAGO DAILY TRIBUNE: WEDNESDAY, MAY 4, 196

SPTS - BUS - PAGE 6

Judge Says Keeshin Didn't Violate Anti-Trust Act

Federal Judge Julius H Miner said Tuesday that a transfer firm on trial in a $19,200,000 anti-trust suit in federal District court did not violate the anti-trust act when it contracted to haul passengers and luggage between Chicago train depots.

The judge said he would say so in an opinion to be written at the end of the trial in about a week and would dismiss the suit if a jury returns a verdict against the firm.

Seeks Triple Damages

The suit, brought by Parmelee Transportation company against Railroad Transfer company, owned by John L. Keeshin, charges that Keeshin conspired with railroad officials to take over the business handled by Parmelee for 102 years. Parmelee seeks triple damages for an alleged loss of $6,400,000.

The case has been on trial for 10 days. The judge's announcement came as attorneys for Parmelee rested their case Tuesday.

Judge Miner said his opinion would be made a part of the trial record in anticipation that his decision would be appealed. He said he was permitting the trial to continue so that each side can "have its say" on alleged public economic injury placed in the record.

Can Act Together

The judge said a recent opinion of the Supreme Court of the United States said railroads could act together in granting a contract without restraining trade in interstate commerce. He said Parmalee failed to show public economic injury.

Judge Miner pointed out that a virtual monopoly would be had by either firm having the contract in this case, so the question of monopoly was not an issue in the trial.

The suit is being tried under a "separation of issues" plan devised recently by Judge Miner. Under the procedure, the issue of liability is handled first and then, if it is determined there is liability, the issue of damage is taken up. The Parmelee suit marks the first attempt to use the procedure in litigation other than personal injury suits.

Plaintiff's Exhibit 105 Defendant's Exhibit

In the District Court of the United States, Northern District of Illinois, Eastern Division

No.

Roy E. Fuller - Official Court Reporter

PLAINTIFF'S EXHIBIT 106

CHICAGO SUN-TIMES, Wed., May 4, 1960 23

Judge Will Dismiss Suit By Parmelee

U.S. District Court Judge Julius H. Miner indicated Tuesday he would dismiss Parmelee Transportation Co.'s antitrust suit charging public economic injury.

Miner told attorneys in the dispute he would take such action regardless of what determination a jury hearing the case before him would make on the public injury issue—the only one involved in the proceedings.

Parmelee's suit for $19,200,- [illegible] treble damages is against the Railroad Transfer Service and its owner, John L. Keeshin, six railroads and four railroad presidents.

The suit charges the defendants conspired to give Keeshin's firm a contract in 1955 to transfer passengers between Chicago depots—a service formerly performed by Parmelee.

On expressing his intentions, Judge Miner asked Thomas C. McConnell, an attorney for Parmelee, whether he wished to concede that no evidence of public injury exists in the case and thus speed the hearing.

McConnell told the jurist:

"This is a very expensive proceeding. If the court tells us it is going to direct a verdict anyway, it might as well act now."

"I didn't say that," said Miner. "I said regardless of the (jury) verdict on the public injury issue, I will hold this case does not belong in the family of antitrust cases and should not be prosecuted."

McConnell asked:

"Why doesn't your honor hold that now and end it?"

"No, I can't," replied Miner.

"Then we cannot agree that we have no evidence of public injury," countered the attorney.

Miner then overruled a defense motion for a directed verdict "as of now," but said he would take the move under advisement.

FILED
AUG 15 1960
106
MINER, J.

PLAINTIFF'S EXHIBIT 107

COPI....

PARMELEE TRANSPORTATION COMPANY
300 North Desplaines St.
Chicago 6, Ill.

Plaintiff's Exhibit / Defendant's Exhibit
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
Roy E. Fuller, Official Court Reporter
BEFORE
MINER,
Re 373
AUG 15 1960

Morris Markin
Chairman of the Board

May 20, 1955

Mr S W Bone
Passenger Traffic Manager
New York Central System
LaSalle Street Station
Chicago, Illinois

Dear Sid:

After reviewing the proposal presented yesterday, we hereby suggest the following amendments:

The base rate shall be established at $1.20. There shall be an increase of 1¢ for each 3% increase in the cost of labor. The maximum rates under this formula are as follows:

For the year commencing July 1, 1955 - $1.20
For the year commencing July 1, 1956 - 1.22
For the year commencing July 1, 1957 - 1.23
For the year commencing July 1, 1958 - 1.24
For the year commencing July 1, 1959 - 1.25
For the year commencing July 1, 1960 - 1.25

To date, Parmelee has served the railroads for 102 years with no written contract, only the railroads' verbal commitment. We are still ready to honor the verbal commitment of the railroads for the next five years as per our understanding, without a written contract unless the railroads desire to have such a contract.

Yours very truly,

/s/ M. Markin

MM:MS

Chairman of the Board

A346

PLAINTIFF'S EXHIBIT 108

Supplement No. 6 (Supplement No. 5, as amended hereby, continued in effect) to Grand Trunk Ry.-C. T. C. No. E-3848. N. Y. C. R. R.-C. T. C. No. 3780.	Supplement No. 6 (Supplement No. 5, as amended hereby, continues in effect) to	Ill. C. C. No. 1. I. R. C. No. 1. K. R. C. No. 2. M. P. S. C. No. 2. N. C. U. C. No. 1. P. S. C.-N. Y. No. 2. Ohio No. 1.	Supplement No. 6 (Supplement No. 5, as amended hereby, continues in effect) to	I. C. C. No. 4 P. S. C.-Md. No. 1. P. U. C.-N. J. No. 2. Pa. P. U. C. No. 1. V. C. C. No. P-1. P. S. C.-W. Va. No. 1.

Plaintiffs Exhibit 108 Defendants Exhibit ( ) Iden. ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division

No.

MINER, J.

Roy E. Fuller - Official Court Reporter

56 C 323

TRUNK LINE-CENTRAL PASSENGER TARIFF BUREAU

Supplement No. 6
(Supplement No. 5, as amended hereby, continues in effect)
to

LOCAL, INTERDIVISION, AND JOINT BAGGAGE DELIVERY TARIFF B. D. No. 7

OF

STAMP HERE

DATE RECEIVED

RULES, REGULATIONS, AND RATES

GOVERNING

THROUGH CHECKING OF BAGGAGE

From Stations on Lines of the Issuing, Initial, and Participating Carriers Hereof

FOR

Delivery to Addresses at Places Named Herein

Issued February 4, 1958 **Effective March 8, 1958**

Departure from the terms of Rules 38 (a) and 38 (d) of Tariff Circular No. 18-A is authorized under Special Permission of the Interstate Commerce Commission No. 75624 of February 4, 1958.

Issued under special permission of the Public Service Commission of Maryland, Order No. 32215 of January 31, 1958.

ISSUING, INITIAL, AND PARTICIPATING CARRIERS
Are as shown on pages 2 and 3 of Tariff, as amended in Supplement No. 5

Acting under Powers of Attorney lawfully on file as indicated on pages 2 and 3 of tariff, as amended in Supplement No. 5

Issued by
A. J. WINKLER, Agent
One Park Ave., New York 16, N. Y.

File Index No. (Printed in U. S. A.) (7000) (76007)

PLAINTIFF'S EXHIBIT 108 (Continued)

BAGGAGE DELIVERY CHARGES

PLACES	Charge Per Piece	
	For Trunk	For Hand Baggage
ILLINOIS		
Page 5 of Tariff and Pages 2 and 3 of Supplement No. 5 — *Amend Chicago to read as follows:*		
⊡Chicago		
Zone 1:		
That area of Chicago, Illinois bounded on the north by North Avenue (1600); on the East by Lake Michigan; on the south by 14th Street (1400) and on the west by Halsted Street (800)	♦$2.75	♦$1.90
Zone 2:		
That area of Chicago, Illinois not included in Zone 1 and bounded on the north by Howard St. (7600); on the East by Lake Michigan; on the south by 63rd St. (6300) and on the west by Cicero Avenue	♦3.00	♦2.00
Zone 3:		
That area within the corporate boundaries of Chicago, Illinois not included in either Zone 1 or 2.		
To suburban points as follows:		
Berwyn		
Cicero		
Elmwood Park		
Evanston	♦$3.75	♦$2.25
Forest Park		
Franklin Park		
Lincolnwood		
Maywood		
Melrose Park		
Oak Park		
River Forest		
Riverside		
When baggage is checked to these suburban towns for delivery, checks must read Chicago followed by full address.		
Zone 4:		
To suburban points as follows:		
Bedford Park		
Bellwood		
Broadview		
Brookfield	♦$5.00	♦$3.00
Evergreen Park		
Forest View		
Glencoe		
(Chicago—Continued)		

PLACES	Charge Per Piece	
	For Trunk	For Hand Baggage
ILLINOIS—Continued		
⊡Chicago—Continued		
Zone 4:—Continued		
Glenview		
Golf		
Highland Park		
Hubbard Woods		
Kenilworth		
La Grange		
La Grange Park		
Lyons		
Morton Grove		
Niles		
Northfield	♦$5.00	♦$3.00
North Riverside		
Oak Lawn		
Park Ridge		
River Grove		
Skokie		
Westchester		
Western Springs		
Wilmette		
Winnetka		
When baggage is checked to these surburban towns for delivery, the checks must read Chicago followed by full address.		
MARYLAND		
Page 6 of Tariff— *Amend Baltimore to read as follows:*		
Baltimore		
Zone 1:		
Hotels, business district and central residential section embracing up to Falls Road and 26th Street, north, east to Central Avenue, south to Race St. and west of Carey Street	♦3.00	♦1.90
Zone 2:		
East of Central Avenue to Highland Avenue; west of Carey Street to Hilton Street; north from the 2500 Block to Belvedere Avenue; west on Hamilton Avenue, east; south of Fort Avenue to 9th Street, Brooklyn	♦3.50	♦2.50
Zone 3:		
All other communities, including Colgate, Dundalk, Turner Station, Water Edge, Parkville, Pikesville, Catonsville, Irvington-Edmondson Development, Rogers Forge, Anesley, Dickeysville, Brooklyn Park and Curtis Bay	♦4.00	♦3.00

♦ Increase.

⊡ All trunks or pieces of hand baggage weighing in excess of 150 pounds each are subject to an additional charge of $1.50 each for special handling.

PLAINTIFF'S EXHIBIT 109

COMPARISON OF BAGGAGE TRANSFER RATES AS OF OCTOBER 1, 1955

SCHEDULE OF CHARGES BY PARMELEE TRANSPORTATION COMPANY

Defendants Exhibit 109
District Court of the United States, Northern District of Illinois, Eastern Division
No. 56 C 373
Roy E. Fuller, Official Court Reporter

	FOR ANY TRUNK	FOR HAND BAGGAGE
Between RR Station and any city address	$2.25	$1.50
* * *		
Between RR Stations in Chicago and following suburbs:		
Bellwood, Berwyn, Cicero, Elmwood Park, Evanston, Evergreen Park, Forest Park, Franklin Park, Glencoe, Glenview, Golf, Hubbard Woods, Kenilworth, Lincolnwood, Maywood, Melrose Park, Morton Grove, Niles, Northfield, Oaklawn, Oak Park, Park Ridge, River Forest, River Grove, Riverside, Skokie, Wilmette, Winnetka	$3.00	$1.75

FILED
AUG 15 1960
AT CICERO

SCHEDULE OF CHARGES BY RR TRANSFER SERVICE INC.

	TRUNKS UP TO 50 CUBIC FEET	TRUNKS OVER 50 CUBIC FEET	FOR HAND BAGGAGE
ZONE 1 - between RR Stations and addresses, bounded by Howard St; Cicero Ave; and 63rd Street	$2.25	$2.50	$1.50
ZONE 2 - Chicago, except as shown in Zone 1 above and to the following suburban points: Bellwood, Berwyn, Cicero, Elmwood Park, Evanston, Evergreen Park, Forest Park, Franklin Park, Glencoe, Glenview, Golf, Hubbard Woods, Kenilworth, Lincolnwood, Maywood, Melrose Park, Morton Grove, Niles, Northfield, Oaklawn, Oak Park, Park Ridge, River Forest, River Grove, Riverside, Skokie, Wilmette, Winnetka	$3.00	$3.50	$1.75
Zone 3 - Chicago to other suburban towns: Alsip, Argo, Bedford Park, Berkeley, Blue Island, Broadview, Brookfield, Burnham, Calumet City, Calumet Park, Chicago Heights, Chicago Ridge, Crestwood, Des Plaines, Dixmoor, Dolton, East Hazel Crest, Fairview, Flossmoor, Forest View, Harvey, Hazel Crest, Hillside, Hodgkins, Homewood, Justice, La Grange, La Grange Park, Lansing, Lyons, Markham, McCook, Midlothian, Northbrook, North Lake Village, North Riverside, Oak Forest, Palos Heights, Palos Park, Park Forest, Phoenix, Rhodes, Riverdale, Robbins, Schiller Park, South Holland, Stickney, Stone Park, Summit, Techny, Thornton, Westchester, Western Springs, Willow Springs, Worth	$4.00	$4.50	$2.25

PLAINTIFF'S EXHIBIT 110

ONLY ONE SUPPLEMENT TO THIS TARIFF MAY BE IN EFFECT AT ANY TIME.

I.C.C. No. 5501

ILL. C. C. No. 2052

Plaintiffs Exhibit 110 Defendants Exhibit ( ) Identified ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.

No.

Roy E. Fuller - Official Court Reporter

SEP 1955

P. I.

LOCAL, INTERDIVISION, AND JOINT BAGGAGE PICKUP TARIFF

AUG 15

B.P.U. No. 1

OF

RULES, REGULATIONS, AND RATES

GOVERNING

THROUGH CHECKING OF BAGGAGE

FROM ADDRESSES AT PLACES NAMED HEREIN

FOR

DELIVERY TO STATIONS ON LINES OF THE

ISSUING AND PARTICIPATING CARRIERS HEREIN

ISSUED SEPTEMBER 19, 1955 EFFECTIVE OCTOBER 20, 1955

ISSUED BY
E. B. PADDOCK, AGENT,
736 UNION STATION
516 WEST JACKSON BLVD.,
CHICAGO 6, ILL.

ACTING UNDER POWERS OF ATTORNEY ON FILE WITH THE INTERSTATE COMMERCE COMMISSION AND ILLINOIS COMMERCE COMMISSION.

(1000)-

PLAINTIFF'S EXHIBIT 110 (Continued)

RULES AND REGULATIONS

RULE 1. BAGGAGE PICKUP CHARGES

UPON PRESENTATION OF PROPER TRANSPORTATION, BAGGAGE MAY BE FORWARDED FROM ANY ADDRESS IN THE PLACES SHOWN IN RULE 3 UNDER PREPAID DELIVERY CHECKS TO STATIONS ON THE LINES OF THE ISSUING AND PARTICIPATING CARRIERS AT CHARGES SHOWN IN RULE 3.

TRANSPORTATION OF BAGGAGE TO POINTS ON LINES OF PARTICIPATING CARRIERS HEREIN WILL BE SUBJECT TO RULES, REGULATIONS AND CHARGES SHOWN IN WESTERN BAGGAGE TARIFF NO. 25-15, E.B. PADRICK'S I.C.C. NO. 5476, ILL. C.C. NO. 2047 AND LOCAL, INTERDIVISION AND JOINT BAGGAGE TARIFF B.G. NO. 11, V. ARNOLD'S I.C.C. NO. 324, ILL. C.C. 83, A.J.WINKLER, ALTERNATE AGENT, SUPPLEMENTS THERETO OR NEW ISSUES THEREOF.

RULE 2. DEFINITION OF TRUNKS AND HAND BAGGAGE

TRUNKS.—THE RATES QUOTED HEREIN UNDER THE HEADING "TRUNK" INCLUDE, IN ADDITION TO TRUNKS, BAGGAGE SUCH AS HAMPERS, PORTMANTEAUS, CASES, LARGE BOXES, BICYCLES, BABY CARRIAGES, GO-CARTS, STEAMER CHAIRS, INVALID CHAIRS, TOOL CHESTS, DOGS IN CRATES,

HAND-BAGGAGE.—THE RATES QUOTED HEREIN UNDER THE HEADING "HAND BAGGAGE" INCLUDE ARTICLES WHICH MAY BE CONVENIENTLY CARRIED BY HAND, SUCH AS HAND BAGS, DUFFEL BAGS, SUITCASES, VALISES, STEAMER RUGS, GUN CASES, FOLDING GO-CARTS, GOLF BAGS.

RULE 3. BAGGAGE PICK-UP CHARGES

PLACES	CHARGE PER PIECE		
	FOR TRUNK EXCEEDING 50 CUBIC FEET	FOR TRUNK NOT EXCEEDING 50 CUBIC FEET	FOR HAND BAGGAGE
ILLINOIS			
CHICAGO - ZONE 1 (SEE NOTE 1)	$ 2.50	$ 2.25	$ 1.50
CHICAGO - ZONE 2 (SEE NOTE 2)	3.50	3.00	1.75
SUBURBAN POINTS AS FOLLOWS:			
ALSIP			
ARGO	4.50	4.00	2.25
BEDFORD PARK			
BELLWOOD	3.50	3.00	1.75
BERKELEY	4.50	4.00	2.25
BERWYN	3.50	3.00	1.75
BLUE ISLAND			
BROADVIEW			
BROOKFIELD	4.50	4.00	2.25
BURNHAM			
CALUMET CITY			
CALUMET PARK			
CHICAGO HEIGHTS			
CHICAGO RIDGE			
CICERO	3.50	3.00	1.75
CRESTWOOD			
DES PLAINES			
DIXMOOR	4.50	4.00	2.25
DOLTON			
EAST HAZEL CREST			
ELMWOOD PARK			
EVANSTON	3.50	3.00	1.75
EVERGREEN PARK			
FAIRVIEW (COOK CO.)			
FLOSSMOOR	4.50	4.00	2.25
FOREST PARK	3.50	3.00	1.75
FOREST VIEW	4.50	4.00	2.25
FRANKLIN PARK			
GLENCOE			
GLENVIEW	3.50	3.00	1.75
GOLF			
HARVEY			
HAZEL CREST			
HILLSIDE			
HODGKINS	4.50	4.00	2.25
HOMEWOOD			

CONCLUDED ON NEXT PAGE

NOTE 1. CHICAGO, ZONE 1, IS RESTRICTED TO ONLY THAT PORTION BOUNDED ON THE NORTH, BY THE SOUTH SIDE OF HOWARD STREET; ON THE WEST, BY THE EAST SIDE OF CICERO AVENUE; ON THE SOUTH, BY THE NORTH SIDE OF SIXTY-THIRD STREET; ON THE EAST, BY LAKE MICHIGAN.
NOTE 2. CHICAGO, ZONE 2, IS ONLY THAT PORTION OF CHICAGO NOT SHOWN IN ZONE 1.

PLAINTIFF'S EXHIBIT 117

140-D-A

ERIE RAILROAD COMPANY

R. E. TOWNS
ASSISTANT GENERAL PASSENGER AGENT
R. A. JOHNSON
CITY PASSENGER AGENT
C. A. CRIM, JR.
TRAVELING PASSENGER AGENT

PASSENGER TRAFFIC DEPARTMENT

TELEPHONE HARRISON 7-4100
327 S. LA SALLE ST.
CHICAGO 4, ILL.

Plaintiff's Exhibit 117 Defendants Exhibit (Iden. Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
Roy E. Fuller - Official Court Reporter

BEFORE MINER, J.

May 22, 1956.

RECEIVED MAY 23 1956 T-CPA WPA

Mr. E.B. Padrick, Chairman
Western Passenger Association
Room 436, Union Station
West Jackson Boulevard
Chicago, Illinois.

Dear Mr. Padrick:

You no doubt have a copy of Mr. Dean's report attached of the meeting of May 18th with Railroad Transfer Service about baggage transfer, pick up and delivery, in which he points out that our line and the Nickel Plate were critical of the service as it is now rendered.

The Railroad Transfer Service people brought to the meeting a former employee of Parmelee who stated that twice a day pick up had been discontinued some six or seven years ago by Parmelee and apparently they felt this answered the complaints and justified their present practices. It was pointed out that complaints were non-existent when Parmelee performed the service and certainly were not made up or fancied since Railroad Transfer had taken over.

After a considerable amount of questioning the former Parmelee employee admitted that more vehicles were in pick up service than now, that pick ups were made as near the time requested as possible and never more than two hours after the time designated. He also stated that Parmelee lost a lot of money in performing the service. Their lawsuit would indicate that they are willing to lose it again

It was our thought that Railroad Transfer was to provide the same services we had previously had and that their bid took into consideration all phases of the operation. Apparently it did not.

The steamship and travel agents who complain to us about the service hold us as being responsible and ask why we don't have the service performed by a suitable company so the poor service is a reflection on the carriers and not Railroad Transfer Service. We would be very happy with pick ups not later than two hours after the designated time.

Yours very truly,

R. E. Towns

Assistant General Passenger Agent

PLAINTIFF'S EXHIBIT 120

OFFICE MEMORANDUM

SUBJECT Air Conditioning on Rail Transfer Cars DATE 6/16/56

TO	FROM
Mr. C. E. Rheintgen	D. Weiner

Sat. 6-16-56

Observation made 2:45 P.M.
Herald American thermometer reading 86 degrees.
The humidity was 63%. This information received from weather bureau, WE. 4-1212.

AIR CONDITIONING NOT WORKING.	DRIVER'S NAME
# 4	O'Malley
30	Garaino
13	Unknown
33	Scott
44	Unknown
24	Grandinoto
64 - 10 passenger	Unknown
21	Steenholdt
25	Cozzi
28	Goodman
36	Unknown
61 - 10 passenger	"
43	Ambroise
2	Dargis
65 - 10 passenger	Unknown
5	"

AIR CONDITIONING WORKING	
#22	Adamaitis
34 SUPERVISOR	Toppel

Plaintiff's Exhibit / Defendants Exhibit ( ) Identified

In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE KINNEY, J.

Official Court Reporter

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PLAINTIFF'S EXHIBIT 121

OFFICE MEMORANDUM

SUBJECT Air conditioning in Railroad Transfer Limousines

DATE 8-4-56

TO	FROM
C. E. Rheintgen	D. Weiner

FILED

AUG 15 1960

AT O'CLOCK

ROY H. SAMUELSON

Time: 1:30 P.M. Saturday, Aug. 4, 1956
Temperature - 98% - Reading obtained at Herald-American Building.

Plaintiff's Exhibit 121 Defendant's Exhibit Identified Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.
No.
Roy E. Fuller - Official Court Reporter

The following report indicates that Railroad Transfer is not using the air conditioning units in their limos. On this day, I asked driver Gordon who operates Bus #91, why he has all of his windows open. Why not turn on the air conditioner. He said "What's the use, all you get is hot air." All the boys keep the windows open, because very few of them work. This statement coincides with the one driver Cozzi made to me on Thursday 8-2-56. He told me that he drove Mr. J. L. Keeshin over to 35th and Racine and en route Mr. Keeshin wanted to know why he does not have the air conditioning unit on. Driver Cozzi told him that all you get is hot air. Mr. Keeshin told him to turn it on and sure enough all he could get was hot air. Mr. Keeshin told him to take the car over to Litsinger's at once and that he was going to call Litsinger. Later in the day I saw Cozzi again and he told me that there was a general order sent out over their radio system that all drivers with defective air conditioning units must drive over to Litsinger and have them fixed. Two days after this incident I made the following observation.

At the I.C. between 1:40 P.M. to 2:20 P.M.

Windows open	License No.	Driver
7	742007	Unknown
2	742002	Dargis
90 - 21 passenger	F9597	Studzynski
91 - " "	F9596	Gordon
42	742042	O'Brien
1	742001	Prendergast
36	742036	Lombardo
09	742009	Unknown
64 - 10 passenger	B46-764	McKeon
20	742020	Unknown
25	742025	Buenovontiunta
9	742009	Unknown
11	742011	Unknown
5	742005	Unknown
63	B46-763	Unknown
14	742014	Unknown

At B&O at 2:33 P.M.

4	742004	Winsberg Jr.
43	742043	Ambroise

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PLAINTIFF'S EXHIBIT 121 (Continued)

P. S. K. 46 SSM 10-51

OFFICE MEMORANDUM

SUBJECT

Page 2

DATE 8-4-56

TO	FROM
C.E.Rheintgen	D.Weiner

Windows Open	License No.	Driver
At Harrison & Franklin - 2:35 P.M.		
10	742010	Robbins
At Union Station at 2:43 P.M.		
33	742033	Unknown
26	742026	Unknown
8	742008	Unknown
30	742030	Garino
36	742036	Unknown

D. Weiner

FILED

AUG 15 1960

PLAINTIFF'S EXHIBIT 122

OFFICE MEMORANDUM

SUBJECT Air Conditioning in Rail Transfer Cars DATE 6-18-57

TO F. A. Krock AT ROY H. O'CLOCK

FROM D. Weiner

Plaintiff's Exhibit 122 Defendant's Exhibit Identified Rec'd

In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.

No.

Roy E. Fuller - Official Court Reporter

56 C 323

Weather: 81 Degrees
88% Humidity

All cars on this list had their windows open.

LIMO. NO.	TIME	PLACE	DRIVER
3	8:55 A.M.	Wells & Harrison	Cooper
22	8:58 P.M.	Sherman & Harrison	Adamaitis
93	9:05 A.M.	Dearborn Station	Fyjolek
34	9:05 A.M.	Dearborn Station	Prendergast
32	9:05 A.M.	Dearborn Station	Wesbon
16	9:05 A.M.	Dearborn Station	Goodman
65	9:10 A.M.	Harrison & Clark	Kendricks
24	9:30 A.M.	Harrison & Clark	Giandinoto
29	9:32 A.M.	Harrison & Sherman	unknown
36	9:35 A.M.	Dearborn Station	Halloran
23	9:45 A.M.	Illinois Central	Berlandi
18	9:45 A.M.	Illinois Central	Scott
48	9:55 A.M.	Illinois Central	Settipanni
35	9:55 A.M.	Illinois Central	Sottosanto
47	9:55 A.M.	Illinois Central	Lambardo
92	10:35 A.M.	Illinois Central	Sicilia
66	1:45 P.M.	Illinois Central	S. Busch
62	1:50 P.M.	Illinois Central	Moloney
14	2:25 P.M.	Illinois Centra	Abbroise
4	2:25 P.M.	Illinois Central	Petersen
2	2:45 P.M.	Illinois Central	Dargis

Continued on following page

P. S. K. 68 50M 6-52

PLAINTIFF'S EXHIBIT 123

OFFICE MEMORANDUM

SUBJECT Air Conditioning in Rail Road Transfers Cars DATE 6-21-57

TO	FROM
F. A. Krock	D. Weiner

Friday

Official Temperature report 2:00 P.M.

87 Degrees
39% Humidity

LIMO. NO.	TIME	PLACE	DRIVER	WINDOWS OPEN
91	2:15 P.M.	Illinois Central	unknown	Yes
31	2:15 P.M.	Illinois Central	Petersen	Yes
66	2:15 P.M.	Illinois Central	S. Busch	Yes
29	2:15 P.M.	Illinois Central	Parmelee	Yes
14	2:15 P.M.	Illinois Central	Scott	Yes
12	2:25 P.M.	Illinois Central	E. Busch	Yes
3	2:25 P.M.	Illinois Central	Cooper	Yes
47	2:25 P.M.	Illinois Central	Holmes	Yes
17	2:25 P.M.	Illinois Central	Berg	Yes
34	2:35 P.M.	Illinois Central	Lombardo	Yes
10	2:35 P.M.	Illinois Central	Robbins	Yes
23	2:35 P.M.	Illinois Central	Gentile	Yes
16	2:40 P.M.	Illinois Central	unknown	Yes

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FILED

Plaintiff's Exhibit 123 Defendant's Exhibit

In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
MOORE MILLER, J.
Roy E. Fuller, Official Court Reporter

P. R. R. 66 50M 8-52

PLAINTIFF'S EXHIBIT 124

OFFICE MEMORANDUM

SUBJECT Air Conditioning in Rail Transfer Cars DATE 7-2-57

TO	FROM
F. A. Krock	D. Wriner

Tuesday
Official Temperature Report 1:00 P.M.

86 Degrees
46% Humidity

Air Conditioning not in use.

BUS NO.	DRIVER	TIME	PLACE	WINDOWS OPEN
22	unknown	1:15 P.M.	C. &. NW	Yes
8	Winsberg	1:20 P.M.	Union	Yes
4	Pedersen	1:20 P.M.	Union	Yes
24	Prendergast	1:30 P.M.	Dearborn	Yes
31	Dargis	1:35 P.M.	Illinois Central	Yes
9	Cozzi	1:35 P.M.	Illinois Central	Yes
62	O'Mally	1:35 P.M.	Illinois Central	Yes
23	unknown	1:35 P.M.	Illinois Central	Yes
90	unknown	1:35 P.M.	Illinois Central	Yes
5	unknown	1:35 P.M.	Illinois Central	Yes
44	unknown	1:35 P.M.	Illinois Central	Yes
46	Parmelee	1:35 P.M.	Illinois Central	Yes
12	Settepani	1:45 P.M.	Illinois Central	Yes
22	Meenaghan	1:45 P.M.	Illinois Central	Yes
91	Sottosanto	1:45 P.M.	Illinois Central	Yes
3	Cooper	2:15 P.M.	Illinois Central	Yes
16	Goodmen	2:50 P.M.	LaSalle & Polk St.	Yes

FILED
JUL 15 1960
AT O'CLOCK
JOHN H. ...
In the District Court of the United States,

P. S. K. 58 SOM 8-52

PLAINTIFF'S EXHIBIT 125

OFFICE MEMORANDUM

SUBJECT Air Conditioning DATE 7-11-57

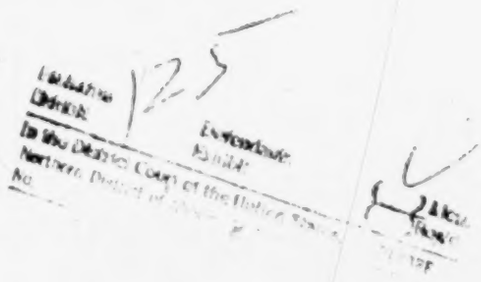
TO	FROM
F. A. Krock	D. Weiner

Official weather report 1:00 P.M.

89 Degrees
35% Humidity

LIMO. NO.	TIME	PLACE	DRIVER	LOADED	EMPTY	WINDOWS OPEN
8	1:15 P.M.	Jackson & Canal	Halloran	Yes		Yes
7	1:28 P.M.	LaSalle Station	Jones		Yes	Yes
44	1:45 P.M.	Illinois Central	Meenaghan	Yes		Yes
14	1:45 P.M.	Illinois Central	Ambroise	Yes		Yes
94	2:00 P.M.	Illinois Central	unknown		Yes	Yes
16	2:00 P.M.	Illinois Central	Goodmen		Yes	Yes
21	2:00 P.M.	Illinois Central	O'Brien		Yes	Yes
91 Bus	2:20 P.M.	Roosevelt & Clark	Studzinski	Yes		Yes
29	2:28 P.M.	LaSalle & Van Buren	Giandinoto	Yes		Yes
65	2:33 P.M.	LaSalle & Harrison	unknown	Yes		Yes
44	2:40 P.M.	Wacker & Van Buren	Meenaghan	Yes		Yes
5	2:40 P.M.	Wacker & Van Buren	Cenzi	Yes		Yes
12	2:40 P.M.	Wacker & Van Buren	E. Busch	Yes		Yes
93 Bus	2:43 P.M.	Adams & Wacker	Guarino	Yes		Windows & Front D

14



PLAINTIFF'S EXHIBIT 126

P. S. K. 66 60M 6-52

OFFICE MEMORANDUM -

SUBJECT Air Conditioning in Rail Road Transfer Limousines DATE 7-19-57

TO	FROM
F. A. Krock	D. Weiner

Official Temperature 1:00 P.M.

86 Degrees
47% Humidity

LIMO. NO.	TIME	PLACE	DRIVER	LOADED	EMPTY	WINDOWS OPEN
94	1:44 P.M.	Canal & Jackson	Sottosante	X		Yes
93	1:45 P.M.	Canal & Jackson	O'Malley		X	Yes
27	1:49 P.M.	Canal & Jackson	Cozzi	X		Yes
66	1:53 P.M.	Canal & Jackson	S. Busch		X	Yes
5	1:56 P.M.	Canal & Jackson	Kendricks		X	Yes
16	2:13 P.M.	Canal & Jackson	Goodman	X		Yes
49	2:15 P.M.	Canal & Jackson	O'Brien	X		Yes
2	2:25 P.M.	Canal & Jackson	Dargis	X		Yes
90	2:28 P.M.	Canal & Jackson	unknown	X		Yes
67	2:30 P.M.	Canal & Jackson	unknown		X	Yes
47	2:30 P.M.	Canal & Jackson	Steenholdt		X	Yes
91	2:40 P.M.	Canal & Jackson	Studzynski	X		Yes
35	2:42 P.M.	Canal & Jackson	unknown	X		Yes
22	2:50 P.M.	Canal & Jackson	Settepannie	X		Yes
95	2:53 P.M.	Adams & Canal	unknown		X	Yes

FILED

Rose E. Fuller - Official Court Reporter

PLAINTIFF'S EXHIBIT 127a

NEW YORK CENTRAL SYSTEM

S. W. BONE
PASSENGER TRAFFIC MANAGER
P. F. DONLEVY
ASST. TO PASSENGER TRAFFIC MANAGER

LA SALLE STREET STATION
CHICAGO 5, ILL.

June 3, 1953

Dear Bill:

Recognition of the Parmelee Transportation Company's Centennial will be given on our Chicago radio program, Station W.B.B.M., 7:45 - 8:00 A.M. (Daylight Saving Time) Monday, June 15th. Thought you might like to listen in.

Sincerely yours,

Donlevy

Mr. Wm. Scheeder
Vice President
Parmelee Transportation Company
300 North Des Plaines Street
Chicago, Illinois

Plaintiffs Exhibit 127 Defendants Exhibit (✓) Iden. ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division
No.

BEFORE MINER, J.

Roy E. Fuller - Official Court Reporter

57 C 373

PLAINTIFF'S EXHIBIT 127b

The following announcement will be made by commentator Jim Conroy over radio station WBBM Monday, June 15, 1953, as the middle commercial on his 7:45 A.M. to 8:00 A.M. program sponsored by New York Central.

A very good friend of New York Central is celebrating a 100th Anniversary and I would like to take a moment to salute that friend, the Pullman Transportation Company. Yes, back in 1853, Frank Pullman, a young farm boy living near Chicago, saw a need brought about by the rapid growth of railroad transportation in Chicago. With two friends and assets of 6 omnibuses and wagons and horses to pull those vehicles, Frank Pullman went to work to provide ready intra-city transportation for passengers coming into Chicago aboard the 5 existing railroads, and the Pullman Transportation Company of today is still doing what its founder set out to do 100 years ago, to provide you the American traveler, with courteous and efficient service between passenger terminals.

So, from New York Central, a salute to Morris Markin, Chairman of the Board, to Cy Pascolt, President of Pullman, to our Pullman men in Chicago, Vice President Bill Schaefer and to all the men and women of Pullman all set to start another 100 years of fine travel service.

Congratulations from New York Central

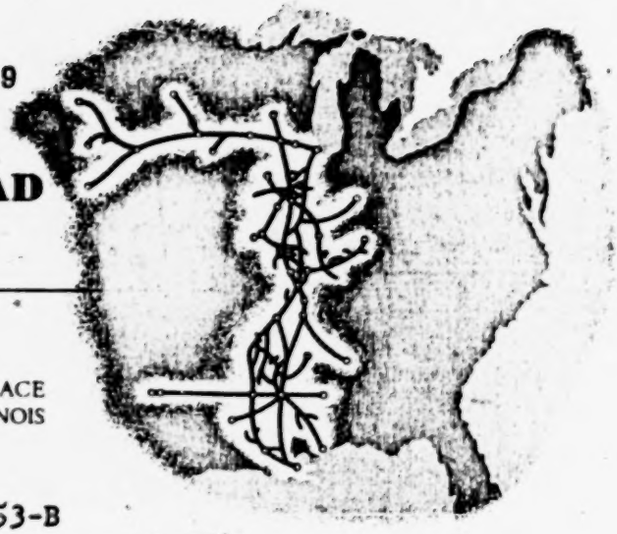
This information was telephoned to us by Mr. Donlevey who states that it was prepared by the New York Central railroad, New York office.

Plaintiff's Exhibit | Defendant's Exhibit | ( ) Identified ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division

Roy E. Fuller, Official Court Reporter

PLAINTIFF'S EXHIBIT 129



ILLINOIS CENTRAL RAILROAD

Main Line of Mid-America

D. J. HEARNE
General Passenger Agent

135 EAST ELEVENTH PLACE
CHICAGO 5, ILLINOIS

Plaintiffs Exhibit 129 Defendants Exhibit ( ) Iden. ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MILLER, J.
No.
Roy E. Fuller - Official Court Reporter

May 12, 1953-B

Dear Mr. Markin:

Dear Mr. Passolt:

Even though I could not attend your 100th Anniversary outing and dinner on May 6, I appreciate your thoughtfulness in sending me the beautiful Flaminare lighter. I can assure you it will be very useful.

I have read with much interest the book about the first one-hundred years of the operation of Parmelee Company. Hearty congratulations to you and your assistants and best wishes for many many years of continued successful operation. Kind regards.

Sincerely,

Mr. M. Markin
Chairman of the Board
Mr. C. L. Passolt
President
Parmelee Transportation Company
300 North Desplaines Street
Chicago 6, Illinois

PLAINTIFF'S EXHIBIT 152

CHICAGO AND NORTH WESTERN RAILWAY COMPANY
400 WEST MADISON STREET
CHICAGO 6, ILLINOIS
DEARBORN 2-2121

J. R. BRENNAN
PASSENGER TRAFFIC MANAGER
N. H. JONES
ASST. PASSENGER TRAFFIC MGR.
C. E. QUACKENBUSH
GENERAL PASSENGER AGENT
R. B. KREHL
ASST. GENERAL PASSENGER AGENT

PLEASE REFER TO FILE NO.

April 12, 1954

B-2-54

MILWAUKEE ELKS BOWLING LEAGUE

Mr. W. A. Scheeder, VP
Parmelee Co.
Chicago, Ill.

Dear Mr. Scheeder:

Please refer to our letter of March 30 relative the above.

The Milwaukee Elks Bowling Team have, through their Bowling Chairman, Mr. Eddie Fleck, expressed great appreciation for the prompt and efficient handling this group was afforded on their transfer from our Station Saturday, April 3 to the LaSalle St. Station and on their return from LaSalle St. Station on April 4 to our Station enroute Milwaukee. We appreciate as do they, every courtesy that was accorded.

Yours very truly,

J. Brennan

WEB/rm
cc Mr. T.E.Nerland: The above refers to your advice TEN-401.
cc GFB GGM RJS

FILED
APR 19 1950
AT O'CLOCK
CLERK, U.S. DISTRICT COURT

Plaintiff's Exhibit | Defendant's Exhibit | ( ) Iden. | ( ) Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern [illegible] BEFORE

12 C 373

PLAINTIFF'S EXHIBIT 161

Plaintiff's Exhibit 161 Defendants Exhibit ( ) Iden. ( ) Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division No. BEFORE MINER, J.
Roy E. Fuller - Official Court Reporter

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

IN THE SUPERIOR COURT OF COOK COUNTY

PARMELEE TRANSPORTATION COMPANY, a corporation, Plaintiff	IN EQUITY
vs.	NO. 55 S 18009
EARL B. PADRICK, as agent for the Chicago Terminal Lines, et al. Defendants	

ANSWER TO AMENDED COMPLAINT

Now come all the defendants except (1) Earl B. Padrick, as alleged agent for the Chicago Terminal Lines, and (2) Chicago Terminal Lines by Winston, Strawn, Smith & Patterson, their attorneys, and for answer to the amended complaint filed herein, state as follows:

1. Admit that plaintiff is a Delaware corporation, but deny the remaining allegations in paragraph 1.

2. Deny that Earl B. Padrick is an agent for the Chicago Terminal Lines, deny that the Chicago Terminal Lines is an unincorporated voluntary association of railroads, or is a legal entity, deny that the Chicago Great Western Railway Company is a railroad corporation organized in the State of Illinois, and admit the remaining allegations in Paragraph 2.

3. Admit the allegations in paragraph 3.

4. Admit the allegations in paragraph 4.

5. Admit the allegations in paragraph 5.

6. Admit all the facts well pleaded in paragraph 6 but deny the conclusions of law contained in said paragraph.

7. Deny the allegations in the first sentence of paragraph 7 and admit the allegations in the second sentence,

PLAINTIFF'S EXHIBIT 161 (Continued)

8. Deny the allegations in paragraph 8.

9. Admit the allegations of applicable rates of compensation except that the rates allegedly commencing July 1, 1945 did not commence until July 5, 1945; the special rate of 50 cents for transfer of military baggage did not commence on December 1, 1942 but commenced on November 6, 1942; and allege that the schedule set out in paragraph 9 omits a rate of 60¢ commencing September 1, 1944 for transfer of military dischargees. All the remaining allegations of paragraph 9 are denied.

10. Deny the allegations in paragraph 10.

11. Admit the allegations in the first sentence of paragraph 11, and deny the remaining allegations in said paragraph.

12. Deny the allegations in paragraph 12, and allege the fact to be that there was no fiduciary relationship between plaintiff and defendants.

13. Deny the allegations in paragraph 13 and allege the fact to be that there was no fiduciary relationship between plaintiff and defendants.

14. Deny the allegations in paragraph 14.

15. Deny the allegations in paragraph 15.

16. Deny the allegations in paragraph 16, and allege the facts to be that there was no contract or arrangement granting defendant the exclusive right of performing all such transfer services, and that it was the practice and custom, acquiesced in by plaintiff, that with respect to

the transfer of groups traveling on special rates or otherwise, the transfer services could be performed by others.

17. Deny the allegations in paragraph 17.

18. Deny the allegations in paragraph 18.

19. Deny the allegations in paragraph 19 and allege that plaintiff is not entitled to any relief either legal or equitable.

ADDITIONAL DEFENSES

For further defenses in their behalf these defendants allege:

1. It appears from the amended complaint that portions of the alleged causes of action resulting from alleged breaches of oral and written contracts did not accrue to the plaintiff within the period of five years or ten years, respectively, next preceding the commencement of this action, and that said portions of the alleged causes of action are barred by the statute of limitations.

2. The plaintiff is guilty of laches in not commencing this action within a reasonable time. By neglecting and delaying for a period of over twenty years to assert its claim, defendants have, as a result, not retained over such a long period of time the transfer coupons and through transportation tickets taken up in their collections, or received from plaintiff. It has been the practice of the defendants to dispose of such coupons and tickets after the lapse of a reasonable time. Had the alleged right of plaintiff been more promptly asserted, defendants could have taken the steps necessary to protect themselves against claims such as this,

by retaining in their files all such coupons and tickets which would have established the true facts herein. As a result of the aforementioned conduct, delay and neglect of the plaintiff, it would now be inequitable to permit plaintiff to maintain this action.

3. From time to time during the period covered by the amended complaint, plaintiff, in accordance with its contracts and agreements with defendants, presented each defendant with a statement of the amount of money then owing to plaintiff on account of transfer services performed by plaintiff, all of which sums were from time to time paid by each defendant and accepted by plaintiff, and therefore the account or accounts became stated.

4. From time to time during the period covered by the amended complaint, plaintiff and defendants conferred to negotiate increases in the price of the transfer coupons. During these negotiations, the parties mutually examined the details of the performance of plaintiff's services, and the plaintiff's demands and needs for additional revenue. As one justification for revenue increases plaintiff claimed revenue losses which occurred when plaintiff, although not transferring a passenger, did transfer his baggage, but was not compensated for such service if the ticket agent failed to cancel the baggage privilege on the passenger's transfer coupon. In order to make up for this alleged revenue loss, plaintiff demanded and received increases in its compensation for passenger and baggage transfer service. The increase in compensation for such services, agreed to by the parties, paid by the defendants and accepted by the plaintiffs has

PLAINTIFF'S EXHIBIT 161 (Continued)

resulted in a complete accord and satisfaction of the alleged claims of the plaintiff.

WHEREFORE, defendants pray for judgment against the plaintiff for their costs.

Winston Strawn Smith & Patterson

WINSTON, STRAWN, SMITH & PATTERSON
Attorneys for Defendants.

PLAINTIFF'S EXHIBIT 161 (Continued)

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

DOUGLAS C. MOIR, being first duly sworn, on oath deposes and says that he is one of the attorneys for the defendants herein; that he is authorized to act on behalf of said defendants; that he has read the foregoing Answer by him subscribed; that from a personal investigation of the facts involved herein he knows the contents thereof and that the same are true in substance and in fact.

Douglas C. Moir

Subscribed and sworn to before
me this _____ day of July,
A. D. 1956.

_____

Notary Public.